

JPRS-LAM-85-005

16 January 1985

Latin America Report

FBIS FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

16 January 1985

LATIN AMERICA REPORT

CONTENTS

INTER-AMERICAN AFFAIRS

Argentine Police Discover Bodies of 5 Presumed Paraguayans (TELAM, 21 Dec 84)	1
Uruguayan Deputy To Travel to Cuba, Nicaragua, U.S. (Radio El Espectador Network, 26 Dec 84)	2

ARGENTINA

PC Leader Calls for Creation of National Front (TELAM, 15 Dec 84)	3
Briefs New Oil Deposit	5

BRAZIL

Activities of Remaining Months of Figueiredo Government (O ESTADO DE SAO PAULO, 9 Dec 84)	6
EMFA Head Views PRC Aid in Satellite Project (O ESTADO DE SAO PAULO, 13, 14 Dec 84)	14
Chinese Aid Error Correction	
Neves Comments on Debt Problems; Cuban, U.S. Relations (O ESTADO DE SAO PAULO, 30 Nov 84)	16
Average Monthly Inflation for Middle Class at 9 Percent (O ESTADO DE SAO PAULO, 14 Dec 84)	18
Peak Industrial Activity Recorded in Sao Paulo in October (O ESTADO DE SAO PAULO, 13 Dec 84)	21
1984 Oil Production Projected at 174 Million Barrels (O ESTADO DE SAO PAULO, 13 Dec 84)	24

Itumbiara Plant Inauguration (O ESTADO DE SAO PAULO, 13 Dec 84)	26
COLOMBIA	
Armed Forces To Support, Participate in Land Reform Program (Hernan Unas; EL ESPECTADOR, 24 Nov 84)	27
Navy Acquires Fourth Missile Launcher; New Solar Lighthouse (EL ESPECTADOR, 28 Nov 84)	29
Three Labor Unions Form Democratic Front (EL ESPECTADOR, 28 Nov 84)	30
Briefs	
Wheat Imports To Drop	31
Election, Constitution Measures Pass	31
Foreign Petroleum Explorations Facilitated	32
Franco First Brigade Commander	32
Barco Accepts Liberal Candidacy	32
EL SALVADOR	
Partial Transfer of Imports to Parallel Market Announced (EL DIARIO DE HOY, 1 Dec 84)	33
ANEP President Condemns AFL-CIO 'Intervention' (LA PRENSA GRAFICA, 30 Nov 84)	35
GUATEMALA	
Briefs	
Ambassador to Spain	37
MEXICO	
Soviet Trade Official Sees Growth of Barter Arrangements (NOTIMEX, 16 Nov 84)	38
Veracruz Students, Citizens Beat Officials, Burn Town Hall (THE NEWS, 12 Nov 84)	39
Briefs	
Government Investment Policy Praised	40
NETHERLANDS ANTILLES	
Business Figures Discuss Gloomy Economic Prospects (AMIGOE, 6 Nov 84)	41

Transshipment, Processing of Coal on Aruba Possible (AMIGOE, 13 Nov 84)	44
Netherlands Reduces Subsidy to Drydock Company (AMIGOE, 12 Nov 84)	46
Ambassador to Netherlands Hernandez Takes Oath of Office (ANTILLIAANSE NIEUWSBRIEF, 20 Nov 84)	47
Deputy Ambassador to Netherlands Zaandam Sworn In (ANTILLIAANSE NIEUWSBRIEF, 20 Nov 84)	50
Maynard Reveals Plans for New St Maarten Party (AMIGOE, 24 Oct 84)	52
Briefs	
New Arms for Police	54
NICARAGUA	
Popular Church Statement Supports Revolution (EL NUEVO DIARIO, 19 Nov 84)	55
Briefs	
Peruvian Lobster Boats	57
PERU	
Domestic, Foreign Sources of Political Party Financing (OIGA, 26 Nov 84)	58
TRINIDAD AND TOBAGO	
Deficit Down; Oil Contributes 37 Percent of Earnings (EXPRESS, 22 Nov 84)	63
Nine-Month Drop in Arrears Revenue Figures, by Leonard Robertson	
Foreign Exchange Earnings Projected for LNG Plant (TRINIDAD GUARDIAN, 27 Nov 84)	65
VENEZUELA	
Briefs	
New Ambassador to Guatemala	68
New Ambassador to India	68
Amuay Fire Under Control	68
Amuay Refinery Resumes Operations	68
Military Promotions	69
New Ambassadors Appointed	69
Ambassador to Algeria	69

INTER-AMERICAN AFFAIRS

ARGENTINE POLICE DISCOVER BODIES OF 5 PRESUMED PARAGUAYANS

PY211950 Buenos Aires TELAM in Spanish 1314 GMT 21 Dec 84

[Text] Posadas, 21 Dec (TELAM)--The Misiones police are investigating the discovery of the bodies, some of them with head injuries, of five middle-aged persons floating on the Parana River opposite the Argentine coast.

The river police recovered the last of the bodies in front of the Nemesio Parma river police station, approximately 7 km downstream from Posadas. The bodies have been buried at the local cemetery and entered into records as no name deaths.

According to a police spokesman, the discovery of bodies floating along the Parana River, and the impossibility of establishing their identities even through their fingerprints, is a common event.

It is presumed that the bodies often found floating along the river could be of Paraguayan citizens, but the cause of death are unknown because of the advanced state of decomposition the bodies are in when discovered.

It is also difficult to establish how the river current manages to get the bodies to the Argentine coast because for this to happen, the bodies should be thrown into the water in the middle of the river. If so, this action would give room to a serious quagmire, said one of the policemen who are investigating the case.

Three other bodies were recently discovered in the vicinity of Santa Ana, approximately 35 km upstream from Posadas. All three bodies, one of a woman included, had head fractures according to the outcome of the autopsy.

The body of another unidentified person, whose disappearance--as in previous cases--had not been reported to the Posadas police, appeared in the High Parana River in Misiones.

There is a growing concern among the Misiones police and government authorities over this situation reportedly on account of the large number of similar cases recorded.

CSO: 3348/223

INTER-AMERICAN AFFAIRS

URUGUAYAN DEPUTY TO TRAVEL TO CUBA, NICARAGUA, U.S.

PY261833 Montevideo Radio El Espectador Network in Spanish 1600 GMT 26 Dec 84

[Text] Roberto Asiain, elected deputy for the Colorado Party, has traveled to Brazil and will then go to Cuba, Nicaragua, and the United States, a communique reports.

Asiain, international relations secretary of the Colorado Party, has traveled to Brazil to meet with the principal leaders of the Brazilian Democratic Mobilization Party and the Democratic Workers' Party presided over by Ulysses Guimaraes and Leonel Brizola, respectively.

Analia (Figueiroa), National Party representative, and Francisco Chavez, Broad Front Party representative, also traveled with Roberto Asiain. These politicians will set the details for the subregional meeting of Argentine, Brazilian, and Uruguayan congressmen that will take place in Montevideo from 29-31 January 1985. Asiain made contacts in this respect with Radical Civic Union, Justicialist Party, and Intransigent Party congressmen in Buenos Aires on 21 December. During the subregional meeting of congressmen here, integration mechanisms will be analyzed and the democratic systems in these three countries will be confirmed.

Roberto Asiain will return [from Brazil] on 28 December and, next week, in his capacity as international relations secretary of the Colorado Party, he will travel to Cuba, Nicaragua, and the United States to make contacts at the foreign affairs level.

CSO: 3348/223

ARGENTINA

PC LEADER CALLS FOR CREATION OF NATIONAL FRONT

PY152320 Buenos Aires TELAM in Spanish 0208 GMT 15 Dec 84

[Text] Buenos Aires, 14 Dec (TELAM)--In a speech delivered during an act held at Plaza Once in this capital, Communist Party (PCA) Secretary General Athos Fava tonight called for the creation of a front of national and social liberation that will struggle to consolidate and develop democracy, that will break with dependence, and that will start a march toward socialism. The act was attended by a large number of people.

Before the speech by Fava, the 120 members of the coffee brigade were introduced to the crowd. The brigade, made up of Communist Youth Federation (FJC) members, will on 4 January leave for Nicaragua to help Nicaraguans harvest their coffee. Brigade leader Jorge Garra said that these young people are union and student leaders who will convey our international solidarity.

Brigade members chanted slogans like "this is the coffee brigade" and "we swear to Sandino, to Che Guevara, and to freedom that Nicaragua will win." Garra added that the struggle for the defense of democracy and freedom in Nicaragua is the struggle for the defense of democracy and freedom in Argentina.

After singing the national anthem and the Socialist International song, Athos Fava greeted the brigade and said that we know that several people are concerned about this brigade, particularly the U.S. ambassador, who has pressured and blackmailed the government to prevent the brigade from going.

"A good deal of the world future," Fava said, "will be decided in Central America. We are going to Nicaragua because it is confronting the same enemy who attacked us in the Malvinas Islands, who is looting our country, and who has sentenced us to starvation through dependence and through the foreign debt."

About the national situation, Fava said that nobody has expected magic solutions, but we can say that electoral campaign promises have awakened more expectations among workers and among the people.

He stressed that while some government sectors want to fulfill those promises, others want to take into account the interest of those who support dependence and backwardness. Thus, the government is being pressured by these two sectors, the people's and democratic sector, on one side, and the pro-imperialism reactionary sector on the other.

He added that despite the explanations by some officials, salaries drop and unemployment does not decrease. Meanwhile, the government is trying to work out an accord in which workers must shoulder the crisis.

About the foreign debt, Fava said that the agreements must be subjected to revision, that debtor countries must create a front, that the portion of the debt which was not legitimately contracted must not be repaid, and that the repayment of the portion of the debt which was legitimately contracted must be conditioned on a policy of welfare and independent development of the Argentine people.

Finally, when referring to the PC proposal, Fava remarked that the chains of dependence must be broken and a march toward socialism started. A new force is needed for this purpose, an alternative that will be different from anything else Argentina has thus far witnessed. And to attain this goal, we need a front of national and social liberation, he said.

CSO: 3348/224

ARGENTINA

BRIEFS

NEW OIL DEPOSIT--Buenos Aires, 4 Dec (DYN)--According to the Government Oil Deposits [YPF], new oil shale has been found at oil well Palmar Largo X-5, located 5 km from oil well Palmar Largo X-1, the first deposit to be found in Formosa Province. The preliminary production of this new discovery is approximately 500 cubic meters daily. [Summary] [Buenos Aires DYN in Spanish 2145 GMT 4 Dec 84]

CSO: 3348/224

ACTIVITIES OF REMAINING MONTHS OF FIGUEIREDO GOVERNMENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 9 Dec 84 p 5

[Text] Less than 4 months before the end of its mandate, the Figueiredo government has already ended, prematurely. At least it is able to inaugurate the most important works, such as the Itaipu and Tucuruí hydroelectric projects and the Cuiabá-Porto Velho highway; the launching of the domestic communications satellite and the initiation of exports of iron ore from the Carajás project are scheduled for February. Contributing to the early conclusion of the administration have been the lack of credibility, the president's loss of interest in the post, the unpopularity and the dispute over the succession, which has now ended. There was a glimpse of a parallel government after Maluf's victory in the PDS [Social Democratic Party] convention, but today, from the palace doorman to the chief of state, no one at Planalto Palace doubts that Tancredo Neves will win the election--except for Justice Minister Ibrahim Abi-Ackel, who is at least behaving like a minister.

The administration pressures against the party dissidents who opposed the official candidate have disappeared. After all, one does not intercede on behalf of a candidate who is already defeated, and Maluf's refusal to travel with the president to Tucuruí irritated General Figueiredo. The Malufists' attacks against Minister Leitão de Abreu, chief of the civilian household, contributed decisively to the government's increasing estrangement from its would-be candidate and, with this, the president has once again isolated himself in the palace, while the ministers have confined their activities to the minimum level necessary to indicate that at least the administrative machinery is still functioning. Civil servants in the first and second echelons are cleaning out their desks, because many of them will not have a place in the future opposition government. One exception is Francisco Dorneles, secretary of federal revenues, who is Tancredo Neves' nephew.

Minister Abi-Ackel still plans to run for governor of Minas Gerais in 1986 and, together with his colleague Murilo Badaro, minister of industry and commerce, he will seek political support in what remains of Malufism, which presumably will not amount to much. Transportation Minister Cloraldino Severo thinks he could easily be elected federal deputy by Rio Grande do Sul, especially after he inaugurates the metro system in Porto Alegre. Health Minister Waldyr Arcoverde, more foresighted and realistic, put in for retirement 2 months ago and has just built a house on the Lago Sul, where he intends to live

and not concern himself further with public administration. Delfim Netto, whom Tancredo would like to see in a hypothetical opposition to his future government, will set up a technical consulting company in Sao Paulo, taking with him the dozens of high-ranking officials whom he ensconced in the various echelons of public administration, controlling the principal machinery of the Brazilian economy to a degree never equalled in the last 2 decades.

To overcome the lack of public interest and to win back the media attention lost to the succession dispute, the government has initiated a series of television programs publicizing its major achievements in each sector. President Figueiredo himself recognizes that, because of the financial crisis and the foreign debt, he cannot in fact initiate any great project, but can only complete those launched earlier and bury some ill-conceived projects such as the Steel Railway and the nuclear program, which has been progressively curtailed. As its major accomplishments, the government points to the achievement of the goal of 500,000 barrels of petroleum per day; the growing use of alternative energy sources; the progress of the land reform projects; the trade balance surplus; and the continued progress in the communications sector. Meanwhile, Delfim Netto is already spending most of the week in Sao Paulo. The schedules of the other ministers (with the possible exception of Murilo Badaro and Jarbas Passarinho, because of the presence of the politicians) list virtually routine dispatches with the various administrative echelons. The Malufist congressmen are no longer seeking out the ministers--except for Abi-Ackel and Murilo Badaro--because the Malufists know they cannot count on the support of any of them.

Andreazza Quits

Defeated in the party convention and abandoned by General Figueiredo, Minister Mario Andreazza was perhaps the first to disengage himself from the government. The administration of the ministry passed to Secretary General Rocha Maia, as his advisors acknowledge. Fed up, the minister thinks only of returning to Rio, probably to resume direction of the Atlantica-Bradesco group, which he had already joined during the Geisel administration. The funds which were plentiful before the convention, guaranteed by Delfim, have become scarce. Andreazza spends an average of 2 days a week in his office and he has completely dropped the trips to inspect the projects in the states, in which he has logged 1,700 hours of flight time since the beginning of his administration. In August, when the convention ended, Andreazza's administration ended; he knew perfectly well that he had been politically betrayed. Maluf's humiliating defeat, as the candidate, is one of the matters always mentioned ironically by the minister's advisors.

Andreazza's melancholy is contrasted with the exuberance of Murilo Badaro in the Ministry of Industry and Commerce [MIC], which is being used politically on behalf of Maluf and of the minister himself, who will try for a second time to become governor of Minas Gerais. He has opened dozens of MIC delegacies in the state and has arranged funding to complete the first phase of Acominas. He has also directed EMBRATUR [Brazilian Tourism Company] to study the creation of a leisure center in the south of Minas Gerais, along the lines of Disneyland. In October alone, Badaro granted audiences to 580 people, an unusual pace for the last days of an administration. His political opportunism was revealed in his exploitation--for his personal promotion--of the approval of the small business statute, patiently drafted by former Minister Helio Beltrao.

Minister Badaro fired aides hostile to Maluf, took over the IBC [Brazilian Trade Institute] and took the Brazilian Center for Support to Small and Medium Business away from SEPLAN [Secretariat of Planning]. An experienced politician, Badaro knows that Maluf is defeated and he has begun to act on his own behalf to compete with Abi-Ackel for the nomination by what remains of the PDS as the candidate for governor of Minas Gerais.

Another minister with a short mandate, Agriculture Minister Nestor Jost, has always described himself as "in mid-harvest," since he took over the ministry less than a year ago. His predecessors were Delfim Netto and Amaury Stabile, both of whom promised priority to agriculture, but the country is still importing rice and wheat, while various scandals have surfaced in this area, involving the National Cooperative Credit Bank. An estimated 24 billion cruzeiros in Provarzeas funds were diverted to irrigate the northeast when Andreazza was a candidate. The draft bill to institutionalize CEPLAC [Executive Commission for the Cocoa Production Plan], which oversees the cocoa crop, was sent to the congress and later withdrawn for lack of approval, even after recourse to urgent appeals and lengthy speeches; one deputy was enough to defeat it. Without funds, Jost faces serious problems with the production and marketing of rice from Rio Grande do Sul, his home state, and the minister has been leading a slow march, with great emphasis on theory; there have been so many seminars and congresses on agricultural problems to substitute for concrete action that Jost himself seems tired of pretending. "If I were president of the republic, I would ban these congresses and seminars. I am sick of the honor of opening and closing so many of these things," the minister complained a few days ago.

Based on his observations and his 15 years of experience as a congressman, Jost appears to understand politics, at least. He long ago admitted privately that Tancredo Neves was as good as elected. Jost's chief of office has already gone so far as to unburden himself on the telephone, in response to a request: "There is no point in going into this now. Let it be, Tancredo will handle it later."

Esther de Figueiredo Ferraz, disengaged from politics, is waiting to hand over her post, to return to her law office in Sao Paulo and to her professorship at the USP [University of Sao Paulo]. Considering the lack of funds and the apathy of the aides, she has constantly recommended that they all go on working "as if we were not in the final days of the administration."

Secretary General Sergio Pasquali, a holdover from the administration of Gen Ruben Ludwig, travels almost every week and has not discriminated against the Tancredist governors, duly freeing up funds. In the MEC [Ministry of Education and Culture], the only one who expects and even wants to be the next minister of education is Marcos Vilaca, secretary of culture. He hopes to take advantage of his friendship with Senator Marco Maciel, of the Liberal Front. As secretary, Vilaca has always spent more time making politics than promoting culture, comment other MEC advisors.

Macedo Wants to Revise CLT

Few ministers have arrived at the end of the government so stripped of functions as Labor Minister Murillo Macedo, whose beginning was so troubled with strikes and the establishment of a new wage policy based on half-yearly readjustments,

which was not maintained, since it was boycotted by minister Delfim Netto. Gradually, Minister Macedo succeeded in bringing about a unified minimum wage throughout the country. Even now, at the end of the government, Murillo Macedo wants to send congress the Labor Procedure Code and a bill for revision of the CLT [Consolidated Labor Law], which has been resting with the Civilian Household of the Presidency of the Republic for several months. However, these bills will also wait for the next government, because the parliamentary recess has already begun. Thus, by 15 March, Minister Murillo Macedo will be practically limited to waiting for the administration to end, to return to private enterprise, resuming the post which he occupied on the board of the National Bank.

Maluf's Minister

Minister Ibrahim Abi-Ackel would also be idle if he had not, of his own free will, traded his position as President Figueiredo's minister for that of candidate Maluf's minister extraordinary. With this, the minister feels he has the right to level harsh criticism at the chief of the civilian household, in addition to trying to ridicule him with imitations during informal moments with his advisors, between one defeat after another of the designs of the former governor of Sao Paulo. Abi-Ackel was placed in the post by Golbery do Couto e Silva, but he was never accepted by [Golbery's] replacement, Leitaó de Abreu, and never really took hold of the political coordination of the government, executed by his predecessor Petronio Portella. The [Justice Ministry] is politically and administratively so bankrupt that the damage caused by a fire 3 months ago has yet to be repaired. "It will be a memento for Tancredo," comment the advisors, as one or another Malufist legislator appears at the minister's office.

The minister is pleased to have succeeded in revising the National Security Law and the Penal Code, but he failed to update the legislation on censorship, abandoned on examination by a committee of jurists. Nor did he complete the Law of Popular Economics or the Law of the Administrative Council of Economic Defense. The Justice Ministry may undergo the greatest changes after Tancredo takes office, in terms of personnel, given their direct involvement with the plans of Deputy Maluf. The minister also placed the official news agency (EBN [Brazilian News Agency]) at the disposal of the PDS candidate, through its president Marco Antonio Kraemer, one of the foremost Malufists in the second echelon of the government.

Jarbas Passarinho, minister of social security, will certainly leave the largest legacy of problems to his successor, but he is also one of the few ministers who has maintained the pace of activity, even as the government is ending, working even on Saturdays. In addition, Passarinho refused the official perquisite and continued to live in his own house, leaving the official Lago mansion unoccupied. At the beginning of his administration, there were days when the minister's agenda listed 50 congressmen; in recent weeks the minister has resisted as much as he could the pleadings of the Malufists, but he did make some concessions, such as changing the INAMPS [National Institute for Social Security Medical Assistance] superintendent in Sergipe. Like his predecessor Helio Beltrao, Passarinho did not succeed in getting social security out of the hole, although he had the second largest budget of the Union; the deficit is predicted at 2.5 trillion cruzeiros by the end of the year. The minister's most important project will also wait for the government of Tancredo Neves (who is the minister's personal friend): total reform of the social security

system, which implies radical changes in such controversial items as the age limit for retirement for time of service. The draft bill was presented to some legislators but their reaction to almost all the debatable items was negative.

Delfim Netto, to whom Tancredo points as his possible main opposition, could also be the most radical if the new administration heeds a suggestion by Helio Beltrao: to reduce the powerful SEPLAN [Secretariat of Planning] to what it was originally intended to be: an organ directly advising the president of the republic. The various agencies gathered together under SEPLAN would be returned to their origins and the organization set up by the technocrats would be simplified, since it currently includes a multiplicity of organs, such as SUBIN, SEST, SEAP [Special Secretariat for Supply and Prices], SOF, BNDES [National Economic Development Bank], IPEA [Applied Economic-Social Research Institute], IPLAN [Institute of Planning], SUNAB [National Superintendency of Supplies] and other less familiar initials. Most of Delfim's advisors know they will not have a voice in the next government and almost all of them will follow their leader. In his time in government, Delfim did not manage to curb inflation, which he is leaving at 230 percent, a historic record, but he did succeed in defeating all the other ministers who disagreed with him: Helio Beltrao, Amaury Stabile, Karlos Rishbeiter, Mario Simonsen, Said Farhat, Eduardo Portella and Camilo Penna.

Delfim Will Vacation Abroad

In the economic area, the feature event is the end of the reign of the all-powerful Minister Delfim Netto; with all his recognized ability, he lost the battle against inflation, leaving his successor a record rate of 230 percent. On leaving the post, Delfim will travel abroad, this time to vacation in the United States, Europe and Japan, precisely during the period when the new office-holders will be leveling the greatest criticism at his administration. Until then, he still has a task to fulfill: to conclude phase three of the renegotiation of the foreign debt.

There are signs that SEPLAN will be stripped of the current attributions of a virtual Ministry of the Economy, losing all its executive functions and going back to directly advising the president of the republic, in accordance with the act which created SEPLAN. Under the circumstances, the big gainers will be the ministries of Agriculture, Finance and Industry and Commerce. The last will again incorporate the BNDES; Agriculture will acquire COBAL [Brazilian Foods Company] and SUNAB and the Finance Ministry will again have the CIP [Interministerial Price Council] and, probably, SEAP and SEST, created within the framework of SEPLAN.

No substantial changes are anticipated in the dependency of the large state companies, which should remain linked to their current ministries. It is taken as certain, however, that the major posts in these institutions will be distributed among the politicians, except for some key posts, held by technicians with experience in the sector who cannot be removed without the risk of a dramatic decline in the profitability of the enterprises.

This is the case, for example, with the Vale do Rio Doce Company, whose technical directorate, directorate of projects and others are staffed by technicians with broad international experience.

To replace them, at least at short range, would create problems for the company, according to a SEPLAN evaluation. Other state companies, such as PETROBRAS [Brazilian Petroleum Corporation], ELETROBRAS [Brazilian Electric Power Companies, Inc] and TELEBRAS [Brazilian Telecommunications, Inc], face lesser problems and can tolerate drastic changes in their cadres, as long as some competence is assured in their replacements.

End of the Party

In SEPLAN, the atmosphere is one of the end of a party. No new initiatives are underway, the technicians are already spending a good part of their time straightening out their own lives and the work week is getting shorter and shorter. Since most of them come from Sao Paulo, working meetings are scheduled in the Sao Paulo capital, and the principal activities of such agencies as SEAP have also been transferred there.

The greatest example is that of the planning minister himself, who now leaves for Sao Paulo on Wednesdays instead of Thursdays and does not return to Brasilia until Monday. The minister's new schedule was facilitated by President Figueiredo's back ailments, which have forced him to spend as much time as possible outside Brasilia. Generally, when the president leaves Brasilia, the planning minister goes to Sao Paulo.

At Planalto Palace, among the so-called house ministers, the mood is one of an administration ending, but they are all tranquil. They feel that President Figueiredo faced terrible economic problems, but managed to keep his promise of reestablishing democratic normality which, in the end, will culminate in an alternation of power for the first time in 20 years. Minister Leita de Abreu thinks that, despite the burdens, Figueiredo's successor will receive the country in better conditions, after the task of readjusting the economy. Gen Ruben Ludwig, chief of the military household, is going to Rio, and Leita de Abreu could continue to reside in Brasilia, devoting his time to intellectual pursuits. Octavio Medeiros will remain in the military and Daniel Venturini, minister for land-related issues, will tend his farm on the outskirts of the federal capital. Politically speaking, one characteristic unites all of them: none of them was ever involved in the already-defeated candidacy of Deputy Paulo Maluf and they were never convinced by the fantastically optimistic mathematics of the candidate. They knew from the outset that he would defeat Andreazza in the convention but that he could not get past the Electoral College. Now that he has opportunistically taken the role of the opposition, pointing out possible failures of the administration, Maluf has solidified the antipathy of Planalto Palace to his candidacy and to his person.

The minister who racked up the most significant number of achievements was also the one who engaged most in politics, without any affiliation: Cesar Cals, who will leave the Ministry of Mines and Energy to resume his seat as bionic senator of Ceara. His records are already being removed from his office and his principal advisors have foresightedly been named to secure posts: Tancredo Carvalho and Mauricio Magnavita have gone to the CPRM [Mineral Resources Prospecting Company]; Gerobal Guimares and Leopoldo Fontenele are now executives of a private gold research company in Tapajos. Cesar Cals did not succeed in extending the mandate of the president (and even was called "pig-headed" by General Figueiredo

for his insistence), but he surpassed the national petroleum production goal and created the plan which foresees the nation's energy independence by 1993, as well as a plan for mineral technology. Gold production also rose from 4.5 tons to 7 tons. As a political novice, he swallowed some bitter pills. Shigeaki Ueki, former president of PETROBRAS, was always independent of the ministry; the foreign office of the company took in the son of Gen Octavio Medeiros, chief of the SNI [National Intelligence Service] and, at the beginning of the year, Maj Heitor Aquino Ferreira, in Paris. Aquino, a Malufist by conviction or for want of it, returned from France to help with Maluf's campaign and "stuck" PETROBRAS with a \$40,000 telephone bill. In the ministry, there is speculation that Costa Cavalcante could be kept on as president of Itaipu Binacional. Vale do Rio Doce, with a good performance in the mineral sector and one of the state companies in a good financial position, is cited in the ministry as a model company and former Minister Eliezer Batista is said to have a possibility of being kept on as president.

Health Ministry Most Tranquil

Minister Waldir Arcoverde no longer has very much to do. He has already seen to the distribution of all the vaccines for the year; he has carried out the vaccination campaigns against poliomyelitis and has released money to the states; and now he is peacefully engaging in his routine as he waits for the end of the administration. From time to time he goes to Delfim to arrange some funds and only advisors take part in the meetings. The politicians only sought him out on the eve of the elections. For this reason, Arcoverde gives himself the luxury of leaving his office by about 1700 hours, although he arrives there at 0700 hours. Arcoverde is also leaving a legacy for the next government, the program for integral assistance to women's health and the Rural Northeast project.

Military Performed Mission

In the Finance Ministry, the work pace is still intense. After all, Ernane Galveas is involved with the foreign debt negotiations and is working until 2100 hours on Wednesdays, when he travels to Rio. He is still meeting with international bankers to renegotiate the foreign debt. The minister is also sponsoring banking reform, a controversial bill which has created differences between Secretary General Mailson de Nobrega and the management of the Bank of Brazil, of which he is an official. Hence it is speculated that Mailson will go to the private area when he leaves the government, perhaps accepting the invitation of former Minister Angelo Calmon to join the Economic Bank. Galveas has already spoken with Tancredo Neves more than once, on the initiative of Francisco Dornelles, secretary of federal revenues.

In the military area, the minister of the navy, army and aeronautics and the chief of the EMFA [Armed Forces General Staff] are satisfied that they have achieved a major goal, which was not defined among the goals of each ministry: disengagement from the political process and the return to their professional chores. In this particular, Brig Gen Delio Jardim de Mattos gave lessons in democracy, in orders of the day that were famous for their complicated rhetoric.

Notable among the specific achievements of the Aeronautics Ministry are the new airports of Sao Paulo and Belo Horizonte, the remodeling of the Recife, Belem and Porto Alegre airports and the creation of the Rondonia and Roraima air bases. Delio was also pleased with the test of the Italian-Brazilian AMX plane, despite the accident during the flight of the first prototype. Navy Minister Alfredo Karam followed the naval construction plan of his predecessor, Maximiano da Fonseca. Preparations are already underway for the third expedition to the Antarctic. The rare visits by politicians to the aeronautics and navy ministers are even further reduced, except for some formal commitments, and the work system has not changed with the approaching end of the government. General Delio and Almiral Karam reiterate, at every opportunity, that today's military are outside politics and that the presidential succession is a matter for the politicians. Neither of them doubts that Tancredo Neves is as good as elected president of the republic.

Army Minister Gen Walter Pires might be appointed to the post of ambassador to Portugal. There is some interest in this regard, but there has been no presidential decision. Walter Pires devoted himself to professionalizing the army and he succeeded in expanding the service from 180,000 to 270,000 men. He raised the Military Command of Amazonia to the exclusive rank of general of the army and created the Health Fund and the Technology and Public Communications centers. As chief of the EMFA, Gen Walter Vasconcelos, together with his colleagues, insisted on the withdrawal of the military from the centers of political decision and promoted the restructuring of the organism, in addition to devoting himself to industrial-military mobilization, aerospace development and the reoutfitting of the Armed Forces.

Foreign Policy

In the last months of his administration, Foreign Minister Saraiva Guerreiro has been promoting one of the most lavish bequests of recent times at Itamaraty. His direct advisors have been appointed to important embassies; new consulates have been created abroad at a pace which has caused some concern in the Senate Foreign Relations Committee, which is responsible for approving such measures. At Itamaraty, it is imagined that the basic lines of Brazilian foreign policy, which have been maintained virtually unchanged since the Geisel government, could also be maintained by Tancredo, although the candidate wisely wants to arrange the appointment of trusted ambassadors to the most important posts in the diplomatic ranks abroad, many of which are being filled right now by Guerreiro.

After 16 March, Saraiva Guerreiro will be the Brazilian ambassador in Rome and his principal advisors already have definite posts: Sergio Thomson Flores will be alternate ambassador to the United Nations; political advisor Ronaldo Sardenberg will be ambassador to Moscow; economic advisor Robert Abdenur will go to Quito; and Itamaraty spokesman Bernardo Pericas will head the department of International Agencies in Brasilia.

BRAZIL

EMFA HEAD VIEWS PRC AID IN SATELLITE PROJECT

Chinese Aid

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Dec 84 p 6

[Text] Returning yesterday from Beijing, where he led a Brazilian space mission which is still visiting that country, Brig Gen Waldir Vasconcelos, army chief of general staff, declared that cooperation with China could greatly accelerate the Brazilian project to place a satellite in orbit by 1989. On landing in Rio, the general also noted that the channels of communication opened by President Figueiredo during his visit to China last May and that country's interest in more open relations with the Western world had created excellent prospects for Brazil in the areas of science, technology and trade.

Waldir Vasconcelos explained that he was in Beijing in his capacity as chairman of COBAE (Brazilian Commission for Space Activities) and that the visit resulted from the scientific-technical cooperation accord signed by President Figueiredo, which makes specific reference to the space field.

Vasconcelos said that China is far ahead of Brazil in the space area, having already launched 36 satellites using advanced technology, but that it had showed an interest in passing on that technology to Brazil. Some members of the delegation are still in China and a memorandum of understanding has already been signed. The memorandum calls for an exchange of technicians in 1985 to begin to transfer the technology. According to the minister, contacts between China and Brazil will be continuous from now on.

Brazil is interested in acquiring the Chinese technology to carry out its space program, which, according to the general, is aimed at placing the first Brazilian satellite in orbit by 1981. Four other satellites will be launched before then: two for the collection of environmental data and two remote sensing satellites. The VLS (Satellite Launching Vehicle), the first stage of which is the Sonda-4, will also be launched.

In Washington yesterday, U.S. State Department spokesman Alan Romberg read a statement noting the accord between China and Brazil, which also includes some items pertaining to the transfer of nuclear technology. According to the State Department, the accord indicates, "for the first time," Beijing's acceptance of the safeguard principle established by the International Atomic Energy

Agency (AIEA). China had previously announced that it accepted the AIEA's policy of safeguards in its nuclear exports to countries which do not possess nuclear weapons, but the accord with Brazil is the first concrete step in this direction. According to the statement read by Alan Romberg, the Chinese declaration and the agreement with the Brazilian Government are "auspicious."

Error Correction

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Dec 84 p 6

[Text] The article "China Aids Satellite Project," appearing in yesterday's edition on page 6, contained a technical error. It was stated that, according to Minister Waldir Vasconcelos, China "has already launched 36 satellites using advanced technology." The army chief of staff actually said: "China has already launched 16 satellites, the latest of which was a communications satellite, stationed in space at an altitude of 36,000 kilometers, which requires an extremely high level of technology."

6362

CSO: 3342/64

BRAZIL

NEVES COMMENTS ON DEBT PROBLEMS; CUBAN, U.S. RELATIONS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Nov 84 p 4

[Text] "Politically, no one would place any restriction on resumption of relations between Brazil and Cuba. The fact is, however, that we are faced with a problem that our authorities see as one of national security, and in matters of national security, the policy cannot deviate from that dictated by the organs of national security." The candidate had no reservations about the foreign policy of the present government.

Tancredo Neves was testifying yesterday before the Foreign Relations Committee of the Chamber of Deputies.

According to Neves, "where we really face serious difficulties is in the interest payments on the debt, which at the moment are close to \$14 billion annually, which is much more significant than our net balance of payments."

The Democratic Alliance candidate believes that "the national conscience will not allow us to continue to sacrifice the entire nation to the debt service; in other words, to reduce our people to poverty and, more seriously, to settle for a long period of recession, which means, above all, unemployment, stagnation and no growth in economic activity."

Denationalization

The candidate was "sympathetic" to the idea of incorporating part of the interest in investments in the debtor country, but he added that this is a highly controversial point.

"If the part of the interest to remain in the country is defined by the debtor country, then the solution is perfectly viable; it merits study and should be examined carefully. But if the decision is left to the creditors, the area for investment would be according to their criteria and we could quickly experience a violent and irreversible process of denationalization, with severe risk to the stability of the Brazilian economy and even the political stability of the nation itself," the candidate said, which earned the only show of applause in his entire presentation.

Itamaraty

Tancredo also advocated a more effective integration of Itamaraty in the nation's political life, declaring that the Foreign Relations Ministry "should concentrate particularly on actions in the economic area, by more active and uninhibited engagement in the foreign financial and trade area, without prejudice to its political objectives and its cultural projection."

The Alliance candidate observed that Itamaraty should concentrate its action primarily on bilateral diplomacy, with particular regard for the countries of the American continent.

Latin America

Tancredo Neves next reviewed our current foreign policy, discussing Brazil's position with regard to East-West conflicts (he noted that we do not side automatically with either of the two blocs), our situation as a Third World country, our relations with the United States, the issue of competition with third countries and our position in Latin America. The candidate offered no criticism of our foreign policy.

In relation to the United States, the Minas Gerais politician pointed out some major disputes, such as the disagreement on the market restrictions in the computer sector, protectionist measures, the question of the military industrial corporation and of the competition with third countries and the problem of the foreign debt. He emphasized that the most important issue is our position in Latin America.

In his opinion, the process of integration of the South American nations must be accelerated and intensified. "We must turn the South American continent into a nation with totally harmonized interests and integrated political, cultural and economic objectives," he stressed.

He declared that there are other problems that are really "dangerous, because they could grow and become absolutely undesirable conflicts, as in the case of Nicaragua."

He recalled that Brazil has always recognized the Government of Nicaragua and, moreover, supports the action of the Contadora group, stressing that "any type of military intervention, even disguised, has warranted protest from the Brazilian Government--more than protest, admonition, and more than admonition, advice that measures of this kind should not be adopted, because the consequences are incalculable and unforeseeable."

Agriculture

Shortly after his chamber appearance, Tancredo acceded to the insistent appeals to go to the National Confederation of Agriculture, where he delivered an impromptu speech. "If we do not attend to agriculture along with the industrial development of the country, we will be creating a giant of steel with feet of clay. Before long, the nation will collapse."

6362

CSO: 3342/64

AVERAGE MONTHLY INFLATION FOR MIDDLE CLASS AT 9 PERCENT

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Dec 84 p 25

[Text] The monthly inflation rate for the middle class should average at about 9 percent this year, as against 8.2 percent in 1983, according to an estimate by Miguel Colasuonno, president of the Order of Economists of Sao Paulo State. This prediction is based on the behavior of the Middle Class Cost of Living Index in the last 11 months. The data for November were released yesterday, showing a rate of 8.99 percent, smaller than the 9.02 percent recorded in October.

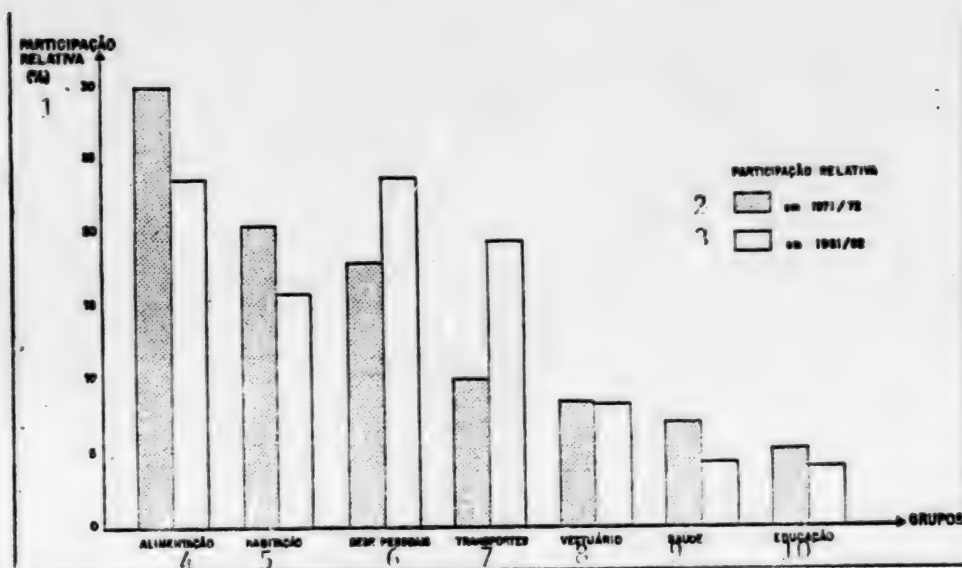
According to Colasuonno, the major factor in the November rate was the increase in fuel prices, which caused a rise of 20.07 percent in the cost of transport as against 3.59 percent in October. "The increase in fuel prices represented the strongest rise in prices for typical middle class expenditures," he said, adding that urban bus transportation went up 38 percent, taxis went up 31 percent (there had been no increase in the previous month) and expenses for private cars went up 14.92 percent, as against 4.9 percent in October.

Household expenses also rose more than in the previous month: 7.85 percent as against 5.23 percent. This is owing to the strong increase in prices set by the federal and state governments for electric power (26 percent), bottled gas (20 percent), water and sewer service (7 percent), in addition to bed coverings, blankets and insecticides (20 percent), towels and white goods (14 percent) and soaps (12 percent).

The cost of education also rose more than in October (1.21 percent, as against 0.46 percent), because of the 13-percent rise in the cost of school supplies.

According to Colasuonno, these data demonstrate the great weight of government-administered prices, which represent a third of the costs of the middle class. In his opinion, however, the most serious aspect is the change in the profile of expenses over the last 10 months, because the transportation item assumed a much larger share of overall expenditures, to the detriment of expenditures on food, health and education. For this reason, he feels that now, when the great investments are coming to maturity, the government should curb its expenses and hence the increases in government-administered prices, so the public will have more money for essential expenditures.

**Table: Comparison of the Structure of Middle Class Family Expenditures;
Evolution from the Period 1971/1972 to 1981/1982, Sao Paulo Municipio**



Key:

- | | |
|------------------------------|----------------------|
| 1. Relative contribution (%) | 6. Personal expenses |
| 2. In 1971/1972 | 7. Transportation |
| 3. In 1981/1982 | 8. Clothing |
| 4. Food | 9. Health |
| 5. Housing | 10. Education |

Food Rose Less

Also with regard to the November rate, the study by the Order of Economists indicates that, despite the increase in the price of greens, fruits and legumes, such as cauliflower (30 percent), papaya (27 percent), apples (26 percent), chayote and oranges (23 percent), potatoes (24 percent), sugar (21 percent), bread (18 percent) wheat flour (17 percent) and rice (13 percent), the food category showed smaller increases than in October: 7.33 percent, as against 11.96 percent. The cost of home-cooked meals rose 7.86 percent, as against 12.74 percent in the previous month, but the cost of meals in restaurants and luncheonettes rose more in November: 9.31 percent, as against 6.65 percent in October.

The cost of personal attire rose 17.14 percent in November, as against 10.26 percent in October. The major increases were in men's shirts (18 percent), wool and synthetic fabrics (17 percent), shoes (14 percent) and dresses (11 percent). Personal expenses rose 9.73 percent in November, as against

10.38 percent in October, as a result of the increases in the price of fuels, which caused a 20-percent rise in interurban bus transit fares, and the increased cost of hair care and manicures (28 percent), tailoring (23 percent), magazines (17 percent), movies (13 percent) and beverages (11 percent). Finally, health costs rose 7.07 percent in November, as against 9.71 percent in the previous month, as a result of a 14-percent increase in the cost of hospital services, 10 percent in doctor visits and 9 percent in visits to the dentist.

6362

CSO: 3342/64

BRAZIL

PEAK INDUSTRIAL ACTIVITY RECORDED IN SAO PAULO IN OCTOBER

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Dec 84 p 28

[Text] Industry in Sao Paulo in October registered the greatest INA (Activity Level Indicator) of the last 4 years, with a 13.8 percent expansion in relation to the same month last year, which means a growth of 5.8 percent for the year and of 4.5 percent in the last 12 months. If this growth is maintained in November and December, 1984 will close with a positive INA of 7 percent, according to Paulo Francini, vice president of FIESP [Sao Paulo State Federation of Industries], who released the "Situational Survey--FIESP Indicators" yesterday.

Francini stressed that "there are no more voices claiming there has been no recovery," and he guaranteed that this recovery is strong and vigorous. The October data show that, contrary to predictions at the start of the year, the recovery has already reached the domestic market, with increased sales of manufactured products, a real evolution of wage scales and positive signals in retail trade.

The INA, which had a variation of 2.4 percent in the first 6 months, registered a growth of 10.7 percent just in the period from July to October. Sao Paulo industry continues to absorb manpower and employment rose from a 1.0-percent increase in August to 2.8 percent in September and 3.9 percent in October. DECAD (FIESP Department of Documentation and Statistics) predicted that the growth in employment would continue in November, expanding 0.67 percent over October.

Wages and Jobs

There was also a significant recovery in wages: total real wages increased 20.7 percent in October and the average real wage increased 16.3 percent in relation to the same month last year. Total real wages for the year, after rates of -4.3 percent in August and -2.2 percent in September, showed -0.1 percent in October. The cumulative wage figure for the last 12 months was -3.7 percent, a partial recovery from the rates of -9.9 percent in August and -7.2 percent in September. The average real wage reached a positive index of 1.5 percent for the year and -0.8 percent in the last 12 months.

Table: Situational Study - FIESP Indicators, Rates of Annual Variation¹ (in percentages)

<u>Indicators</u>	<u>For month</u>			<u>For year</u>			<u>For last 12 months</u>		
	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>	<u>Aug</u>	<u>Sept</u>	<u>Oct</u>
1. Total number of employed	1.0	2.8	3.9	-2.8	-2.2	-1.6	-4.9	-3.9	-2.8
2. Total hours paid	3.1	3.9	5.7	-1.0	-0.5	0.1	-3.4	-2.3	-1.1
3. Hours worked in production	5.0	6.3	11.7	0.6	1.2	2.3	-3.3	-1.7	0.2
4. Electric power consumed in production	14.8	17.1	14.9	8.7	9.6	10.2	7.9	9.1	10.0
5. Total nominal wages	202.1	213.9	218.5	164.3	170.8	177.0	151.1	160.3	170.5
5.1. Average nominal wage	199.0	205.4	206.5	171.2	176.6	180.5	161.6	168.3	175.0
5.2. Total real wages (ICV/FIPE)	11.9	18.8	20.7	-4.3	-2.2	-0.1	-9.9	-7.2	-3.7
5.3. Average real wage (ICV/FIPE)	10.8	15.5	16.3	-1.7	0.0	1.5	-5.2	-3.3	-0.8
6. Total nominal sales	240.4	237.0	273.0	230.8	231.8	238.0	215.2	221.9	231.5
6.1. Total real sales (IPA/FGV)*	4.5	6.2	12.7	2.9	3.3	4.3	0.6	1.5	2.7
7. Use of installed capac. ²	75.2	75.2	75.5	73.3	73.5	73.5	73.2	73.3	73.5
8. Activities Level Indic.	8.4	10.2	13.8	4.2	4.9	5.8	1.7	3.0	4.5

1. Figure estimated for October 1984

2. Data refer to average enumerator

* [Wholesale Price Index/Getulio Vargas Foundation]

Francini attributed the growth in the real average wage to various factors, including the difference in the development of the INPC (National Consumer Price Index) and the Cost of Living Index (ICV-Sao Paulo); whereas the latter showed an annual variation of 164.0 percent, the INPC registered a growth of 190.6 percent in the same period, which meant a real gain of 10.1 to workers who received the full readjustment for the INPC. Other factors included the change in the income tax table at the source, in July, the increased union pressures as the recovery was firming up, and the fact that working hours were increasing more rapidly than jobs, with a growth in workers' wages because of the extra hours worked.

There was an 11.7-percent increase in the rate of hours worked in October in relation to the same period in 1983, a significant increase in relation to the 5.0 percent registered in August and the 6.3 percent registered in September.

Real Sales

Real sales showed a growth of 12.7 percent in October in relation to the same period last year, with a cumulative value of 4.3 percent for the year and 2.7 percent for the last 12 months. Industrial goods which presented the greatest growth over 1983 were metallurgical products (34.9 percent), transport material (23.0 percent), mechanical equipment (16.3 percent). In the period from July to October, the increase in industrial sectors devoted to the domestic market was representative [sic].

6362

CS0: 3342/64

1984 OIL PRODUCTION PROJECTED AT 174 MILLION BARRELS

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Dec 84 p 28

[Text] This year Brazil will produce 174 million barrels of petroleum, an increase of 40.6 percent over the 1983 production of 123.7 million barrels, representing a savings of \$4.8 billion in foreign exchange, based on an average price of \$28 per barrel of imported oil, Engineer Joel Mendes Renno, director of production for PETROBRAS [Brazilian Petroleum Corporation], reported yesterday.

On Tuesday, 20 days ahead of schedule, PETROBRAS achieved production of 530,117 barrels of petroleum, which was not expected before the end of the year, thanks to the entry into operation of two more wells in the Pampo field, at the southern end of the Campos Basin, which increased daily production in the area by 9,000 barrels.

According to Renno, this year the national petroleum production will stand at an average of about 470,000 barrels per day, as against an average of 340,000 barrels in 1983. The total volume to be produced by the end of this year--174 million barrels--will not deplete the nation's petroleum reserves because all of it will be stored, and the new discoveries will also add a little to the level of reserves, estimated today at about 3.5 billion barrels.

With production of 295,500 barrels per day from its 92 wells, the Campos Basin, on the coast of Rio de Janeiro State, accounts for 55.6 percent of the nation's petroleum production. The producing regions of Bahia, Maranhao, Ceara and Rio Grande do Norte, with an average of 149,000 barrels per day, account for 28 percent of the total volume extracted, while the regions of Alagoas, Sergipe and Espirito Santo contribute 16.2 percent to total production, with a daily average of 85,500 barrels.

Since 28 June 1984, when the record of 500,000 barrels per day was broken, the nation's petroleum production has not stopped increasing, with the entry into operation of new wells in the Campos Basin. Director Renno also reported that petroleum production increased this year in all the producing regions in the country, including the Reconcavo Baiano, the oldest of all, which in previous years had been registering a decline as its reserves were being exhausted. All these results, the director assured, have been possible within the technical standards of extraction, without the predatory utilization of the petroleum deposits.

Gas

The PETROBRAS production director considered the production obtained from the Lagoa Suruaca Well No 31, near Sao Mateus in Espirito Santo, to be extremely important; it could reach 500,000 cubic meters of gas per day, the greatest registered from any well in the country. Three new wells will be drilled in the area where gas occurs, to verify the extent of the deposit.

Gas production from that well could be distributed quickly by the 180-kilometer system of gas conduits in Espirito Santo. One possible use of the gas, Renno acknowledged, is to replace the fuel oil used by the Tuberao Steel Plant.

6362

CSO: 3342/64

ITUMBIARA PLANT INAUGURATION

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Dec 84 p 31

[Text] Today, Cesar Cals, minister of mines and energy, and Costa Cavalcanti, president of ELETROBRAS [Brazilian Electric Power Companies, Inc], inaugurated the Itumbiara hydroelectric plant, which is now in operation with its total installed capacity of 2.1 million kilowatts. The major hydroelectric plant in the FURNAS system, Itumbiara is located on the Paranaiba River, dividing Goias and Minas Gerais, and its 2.1 million kilowatts are produced by 6 units of the Francis vertical-axis type, in a free fall of 80 meters.

Built and operated by FURNAS-Centraes Eletrica, the hydroelectric plant went into construction 10 years ago and cost \$730 million, including interest, representing a cost of \$370 per installed kilowatt, classified by FURNAS as "one of the lowest rates in the world for current works." Itumbiara will supply power to the Southeast and Central West regions and Brasilia, where more than half the Brazilian population is concentrated and consumes 76 percent of all the electric power produced in the country.

The Itumbiara hydroelectric plant was 91 percent Brazilian-built, the highest rate yet achieved for works of its kind in the country. According to the FURNAS director, both this percentage and the final cost of the project indicates that "the enterprise has made every effort to achieve the greatest possible national participation in Itumbiara."

In certain international competitions, for example, in which the national industry customarily had not even attempted to qualify, FURNAS took decisive action, seeing that Brazilian industries were qualified, and successfully. FURNAS also made sure that the designs for the principal heavy equipment were made in Brazil.

Civil construction on Itumbiara began in November 1974, and was carried out strictly within the planned costs and schedules. In some cases the time periods were shortened because new building methods were employed, from experience gained by FURNAS in the construction of other hydroelectric plants that preceded Itumbiara--such as Estreito, Porto Colombia and Marimbondo.

6362

CSO: 3342/64

ARMED FORCES TO SUPPORT, PARTICIPATE IN LAND REFORM PROGRAM

Bogota EL ESPECTADOR in Spanish 24 Nov 84 pp 1-A, 9A

[Article by Hernan Unas: "Armed Forces Will Sponsor Agrarian Reform"]

[Excerpt] An agreement in which the armed forces undertake to carry out various activities designed to facilitate the agrarian reform programs in the country and to participate directly and actively therein has been signed by the INCORA (Colombian Institute of Agrarian Reform) and the Ministry of Defense.

The head of this ministry, Gen Miguel Vega Uribe, told EL ESPECTADOR that this program can be regarded as extremely ambitious and as one with great consequences for the country, since in this way new and decisive impetus has been given to agrarian reform.

We talked with Vega Uribe on Thursday evening at the Military Club, during the celebration of the 24th anniversary of the founding of the Colombian Association of Reservists (ACORE), which was attended by the commanders of all the armed branches and their retired generals, including Gen Luis E. Ordonez Castillo, a former member of the government military junta.

Indispensable Partnership

The national government has decided that the INCORA, the armed forces and the national police will make common cause in the sector mentioned, since it has been concluded that the body responsible for implementing agrarian reform needs the continuing support of a disciplined and consistent institution such as the military in order to be able to carry out its plans, which are often hindered by individuals interested in seeing that they fail.

The minister said that the armed forces will have a broad field of action there, since there are many activities they can pursue. Among these are the aid they will provide in establishing services pertaining to the rural sector where the INCORA pursues its activities, as well as their cooperation in the preservation and supervision of woods and forests and the work of adapting land and irrigation for crop raising. The overall training campaigns in the regions where these programs are being pursued, the building of the roads and construction projects needed to provide access to the settlement, allocation or urban development regions, the development of neighborhood roads and

participation in the studies being pursued by the INCORA so as to establish the pertinent programs or oversee the fulfillment of those being implemented will also play a role.

Military Settlements

On being asked if priority will be given to the frontier regions in the planned settlements, General Vega Uribe responded as follows:

"The settlements will be carried out all over the national territory, without regard to whether the areas are on the frontiers or not."

In fact, the INCORA has committed itself to training the armed forces, both active and retired personnel, interested in participating in the settlements which will be sponsored by the government in the immediate future. This same official body will create settlement zones, giving preference to retired personnel, on the basis of criteria taking into account need, availability of land and population concentration. The creation of rural action units or some other type of production association made up of reserve personnel will be encouraged. At certain military garrisons, a pilot plan will be pursued, with active and retired units participating under the direction of the INCORA. The personal commitments made by the settlers will not be binding upon the armed forces.

This agreement, which was signed by General Vega Uribe and the manager of the INCORA, Dr Ernesto Munoz Orozco, will be in effect for a period of 20 years.

5157

CSO: 3348/171

COLOMBIA

NAVY ACQUIRES FOURTH MISSILE LAUNCHER; NEW SOLAR LIGHTHOUSE

Bogota EL ESPECTADOR in Spanish 28 Nov 84 p 7-A

[Excerpts] The fourth missile-launching corvette purchased by the government of Colombia, the ARC Independiente, will reach Cartagena this coming week, where President Belisario Betancur and high-ranking military officers will accept delivery.

This ultra modern vessel was built in the shipyards in Kiel, Germany, like the other three, named the ARC Antioquia, ARC Caldos and ARC Almirante Padilla, which are already navigating in our waters.

In connection with delivery of the vessel, the interim minister of defense, Gen Miguel Vega Uribe, and the commander in chief of the navy, Vice Admiral Tito Garcia Motta, traveled to Germany recently.

The sailors who will serve as the crew on this war vessel are receiving detailed training at the U.S. base in Guantanamo, site which was visited last Monday by Vice Admiral Rafael Grau Araujo, second in command of the navy, and Rear Admiral Edgar Garay Rubio. The two high-ranking officials will thus be in a position to have a profound understanding of the kind of training being provided the personnel.

The vessels are being used to patrol our territorial waters in both oceans, particularly near San Andres and Providencia Islands.

La Guajira Lighthouse

A lighthouse 35 meters high, visible over a radius of 25 miles and operated by solar energy has been established by the Maritime and Port Office at Punta Gallinas in La Guajira. This lighthouse will facilitate fishing and coastal vessels to navigate.

5157

CSO: 3348/170

THREE LABOR UNIONS FORM DEMOCRATIC FRONT

Bogota EL ESPECTADOR in Spanish 28 Nov 84 pp 1-A, 7-A

[Text] The UTC [Union of Colombian Workers], CTC [Confederation of Colombian Workers] and CGT [General Confederation of Labor] have decided to create a joint labor front and to establish the foundations for organization of a single trade union organization, as a response to the congress scheduled by the CSTC [Trade Union Confederation of Colombian Workers] for 5 December, which, according to the directives of the three organizations, is designed to effect a merger only of the leftist trade union organizations.

Victor Acosta, president of the UTC, said that "this workers union has paid a high price in seeking to achieve unity of action with the groups guided by the Communist Party of Colombia, since the foundations of the UTC have been undermined by the effort to separate various of its member groups from it."

This leader warned that "any union affiliated with the UTC which responds to the appeal issued by the CSTC in connection with the 5 December meeting will automatically be excluded from this trade union organization on 6 December."

Similarly, Alpecedez Alviz, second vicepresident of the CTC, said that there is no unity of action with the CSTC, and that the congress scheduled by this workers organization seeks only to rally the leftist and extreme leftist trade union groups.

New List of Demands

The UTC, CTC and CGT also announced that together with the formation of the so-called Democratic Front, a new unified list of demands will be submitted to the government in which the three organizations will make their plans known, after a review of the points in the petition submitted last 1 May.

Hernando Rodriguez, second vicepresident of the UTC, said that the new list of demands will set forth the specific aspects outlined in the 1 May petition, which was submitted jointly with the CSTC and the so-called independent trade union movement, and that another audience with President Betancur will be requested.

He said that the date for the holding of the united congress of the three workers trade unions remains to be set, and he added that, "the democratic workers cannot be separated, since they have identical interests."

BRIEFS

WHEAT IMPORTS TO DROP--Villa de Leyva--Imports of wheat, the cost of which totaled 10 billion pesos in 1983, will drop considerably next year as a result of a series of measures the national government will implement with a view to promoting domestic production of this product. This was announced here by the assistant manager for purchasing of the IDEMA [Agricultural-Livestock Marketing Institute], Manuel Francisco Tenorio, in response to the concerns expressed by the participants in the National Grain Growers Forum, held in this locality last weekend. This official reported that one of the mechanisms planned to reduce such imports will be the establishment of a price for foreign wheat which is higher than that for domestic wheat. In this connection, he said that "we will thus put an end to the existing idea that domestic wheat, in addition to being poor, is expensive." He said that another measure will allow millers to import this grain provided they can prove purchase of domestic wheat from the IDEMA equaling at least 5 percent of the total volume they want to bring into the country. On the subject of the delay in the payment for harvests by the IDEMA, a complaint made by the representatives of the grain farmers in Narino, Valle del Cauca, Cundinamarca, Tolima y Boyaca who attended the forum at the El Duruelo Inn, Tenorio said "this is a difficult problem to resolve, because a debt of 22 billion pesos, which is what the institute owes currently, is too heavy a burden." [Text] [Bogota EL ESPECTADOR in Spanish 26 Nov 84 p 2-B] 5157

ELECTION, CONSTITUTION MEASURES PASS--Following eventful and costly proceedings, the Chamber of Representatives approved the draft legislative act providing for the popular election of mayors, and also requiring a local municipal consultation and a national referendum to amend the constitution on a single subject. The draft was approved on a first ballot last night. After a series of political talks between the liberal and conservative leaderships and the government, final agreement was reached allowing disposal of the initiative submitted to the congress by the government in an effort to expand the political space and bring about a democratic opening up of the country. Following its approval in the Chamber, the proposal goes to the Senate for completion there of the entire procedure on a first ballot. Because a constitutional amendment is involved, it must be considered similarly in the legislature next year in order to go into effect beginning in 1986. The national referendum and the local municipal consultation were introduced in the original government draft by proponent Orlando Vasquez Velasquez, a government liberal from Antioquia, who expressed the view that "this is the only way that the primary

constituent body can amend the national constitution on a single subject."
[By Jesus Medina S., editor] [Excerpt] [Bogota EL TIEMPO in Spanish 19 Nov 84 p 1-A] 5157

FOREIGN PETROLEUM EXPLORATIONS FACILITATED--The Ministry of Mines and Energy has promulgated norms for planned foreign investments in the mining sector, with a view to making the procedures involved more flexible and facilitating the investment of foreign capital. The new measures provide that all of the procedures for this type of investment will be completed within a month at a maximum at the ministry. In this connection, Minister Alvaro Leyva Duran promulgated Resolution No 2437 dated 26 November, pursuant to the provisions of Decree No 444 dated 1967 on the exchange statute. In accordance with the decisions adopted by the CONPES [National Council for Economic and Social Policy] in 1972, foreign investments in oil and natural gas prospecting and exploitation projects do not require the prior approval of the National Planning Department, but only preliminary authorization by the Ministry of Mines and Energy. Foreign capital investments in prospecting, exploitation of mines, processing of ores and refining, transporting and distributing hydrocarbons do, on the other hand, require the authorization of the National Planning Department, based on a recommendation from the Ministry of Mines and Energy.
[Excerpt] [Bogota EL TIEMPO in Spanish 28 Nov 84 p 1-A] 5157

FRANCO FIRST BRIGADE COMMANDER--Gen Ubaldo Francisco Aristizabal, the new commander of the First Brigade, with headquarters in Tunja, will take over command from Col Alfonso Vacca Perilla on 19 December. Colonel Vacca Perilla will be presented by the government with the Order of Freedom, Grand Cross. Also, aid in the amount of 16 million pesos was allocated to the First Brigade, pursuant to an agreement signed by the Ministry of Defense and the government of Boyaca. [Excerpt] [Bogota EL TIEMPO in Spanish 28 Nov 84 p 5-B] 5157

BARCO ACCEPTS LIBERAL CANDIDACY--Former minister Virgilio Barco Vargas has warned that Colombia is in an international situation in which it is surrounded by zones of danger and difficulty, and he reiterated that unemployment has led to all sorts of complications of a social, political and economic nature which are seriously threatening the country. During his formal acceptance of the liberal candidacy, Barco Vargas urged unity in his party and urged it to raise the old banners of monetary health and the defense of democracy, so that it can again guarantee better times for Colombia. In an extemporaneous speech which lasted twenty minutes, the former minister thanked the 81 parliamentarians for the support they gave him yesterday, and he explained that the liberal sector is aware that the country is faced with exceptional difficulties in the social, political and economic sectors "of which we could not even conceive 5 years ago." He said that the country needs to launch activities which will create jobs for young people and to recover foreign exchange in order to guarantee adequate national development and better living conditions for the population. [Excerpt] [Bogota EL TIEMPO in Spanish 29 Nov 84 p 1-A] 5157

CSO: 3348/171

PARTIAL TRANSFER OF IMPORTS TO PARALLEL MARKET ANNOUNCED

San Salvador EL DIARIO DE HOY in Spanish 1 Dec 84 pp 5, 29

[Text] Starting Monday, 3 December, the payment of 50 percent of the value of intermediate goods will be transferred to the parallel market.

The foregoing announcement was made yesterday morning by the minister of economy, Ricardo Gonzalez Camacho, the president of the Central Reserve Bank, Alberto Benitez Bonilla and other BCR officials.

The officials, who are simultaneously members of the Monetary Board, denied that El Salvador had closed its doors to all imports.

They explained that what happened was that, in view of the critical situation of foreign exchange supplies, and so as to avoid adopting more drastic measures, the delivery of forms and foreign currency was suspended for 2 days, and hence it was impossible for any imports to enter.

They are of the opinion that, with these measures, there will be an increment in the items, but they claim that, technically, that increment should not be substantial. They also say that medicines are not being affected, neither the finished ones nor the raw material for producing them. They have also excluded oil, all types of fertilizer, fungicides and the raw materials used for their production.

Also to be transferred to the parallel market are payments for all services, such as transportation, insurance, etc., associated with the importing of goods.

Similarly transferred will be the payment of reinsurance made by the country's insurance companies starting on 1 January 1985.

They announced that 100 percent of the value of imports of consumer goods is to be transferred to the parallel market, authorized for the banking system, the exchange rates of which are fluctuating.

They also confirmed a decision whereby authorization is given to companies which export non-traditional products to countries outside the Central American area to sell the respective foreign exchange on the parallel market,

minus the percentage of the value of those imports which they will be required to sell on the official market, as ordered by the BCR in August of this year.

They announced that, as of the same Monday, 3 December, the exceptions allowed by the Monetary Board whereby the payment for imports of input was allowed on the official market are to be cancelled; although those imports had already been transferred to the parallel market

They noted that, as a compensatory measure, the sale of 50 percent of the foreign exchange pertaining to exports of goods to the rest of the Central American area is to be transferred to the parallel market, except for the foreign exchange originating from exports of fertilizer, fungicides, insecticides and the raw materials used for their production.

In other words, the latter foreign exchange will have to be sold on the official market.

They added that companies which export medicines to the rest of the Central American area will be able to sell 30 percent of the pertinent foreign exchange on the parallel market authorized for the banking system starting Monday, 3 December. The remaining 70 percent must be sold on the official market.

They added that the government will have to pay on the parallel market for imports of goods when the payment for importing them has already been transferred to the parallel market.

The Central Bank must request the approval of the Finance Ministry for imports of goods the payment for which is made on the official market.

2909

CSO: 3248/158

ANEP PRESIDENT CONDEMNS AFL-CIO 'INTERVENTION'

San Salvador LA PRENSA GRAFICA in Spanish 30 Nov 84 pp 3, 50

[Text] Last night, the president of the National Association of Private Enterprise (ANEP), engineer Conrado Lopez Andreu, in his message on the occasion of the "National Free Enterprise Banquet," which took place at the Sheraton Hotel, remarked: "The frequent foreign intervention in our internal affairs is something which damages the innermost fibers of our nationhood."

He said: "Foreign organizations, with unheard-of presumptuousness, have attempted and continue attempting to manipulate the institutionality of our republic, with disdain for one of the most fundamental rules of international law."

He pointed out that this international law constitutes respect for the dignity and sovereignty of states, based on the general concept of their legal equality.

Addressing a gathering of over 700 persons, the vast majority of whom were business owners from various sections of the country, the president of ANEP went on to say that this interference in matters which are incumbent only on Salvadorans "is felt as a whip lashing at the countenance of our people who are currently fighting and dying to defend the loftiest principles proclaimed by the community of free world nations."

Engineer Lopez Andreu stressed that, a few days ago, the AFL-CIO had played a leading role in "another one of the many insults of which our country has been a victim," attributing criminal behavior to the Supreme Court of Justice, he claimed.

He then remarked that ANEP has fulfilled an institutional, patriotic obligation by having condemned and repudiated "such an outrage, forcefully and publicly."

He also said that the Salvadoran people had observed that the majority of the deputies in the Legislative Assembly "with the obvious exception of a few," have returned to the realm of national dignity and sovereignty. And he added: "It is strange conduct on the part of those who choose to maintain a sepulchral silence in such instances."

Lack of Action

Focusing on the country's overall situation, the ANEP president declared that there has been a lack of definite action on the government's part to face the problems which have cropped up in the economic area with true realism and seriousness.

He added that so long as there is a failure to define the context for coping with the crisis besetting our country, the prevailing situation and its adverse factors will be impossible to eliminate.

And he then added: "We know how to value good intentions, but problems are solved by something more than rhetorical statements; in other words, with deeds rather than words."

Reforms

Moreover, he noted that, regardless of how many efforts are made in the productive sector, "the harmful effects of the so-called structural reforms are impeding and curtailing the intentions, good will and persistent endeavor of our business owners, both large, medium-sized and small."

He added that the losses that our country has sustained as a result of those measures, the administrative disorder and the fraudulent use of funds have contributed to the discouragement of the most enthusiastic spirits.

Atmosphere of Confidence

The main leader of the country's business owners later commented that the country urgently requires the authorities to foster an atmosphere of confidence; adding that, when there are contradictory proposals, and "when vengeful positions arrive," a confused atmosphere is created which weighs definitively on the national situation, "precluding a solution to the problems besetting us and, at times, worsening them."

He remarked: "Opinions have even been expressed by government members who, dissatisfied with the legal framework that the Constituent Assembly promulgated last year, have announced their intention of fighting untiringly until they achieve the most prompt reform of that maximum code." He claimed that this was "an affront to the political pluralism that has been advocated, because one discerns and fears a possible dogmatic imposition of a particular political credo and its socioeconomic accomplishments."

The ANEP president subsequently cited the heavy damage which the terrorist subversion is still causing to the people's economic system, "just when it has been claimed that peace talks and meetings have begun"; something which he said made their real intentions of putting an end to this fratricidal battle very questionable.

2909

CSO: 3248/158

GUATEMALA

BRIEFS

AMBASSADOR TO SPAIN--Jorge Luis Lujan Munoz was sworn in today as new Guatemalan ambassador to Spain by Foreign Minister Fernando Andrade Diaz-Duran during a ceremony at the Foreign Ministry offices in Guatemala City. [Summary] [Guatemala City Radio-Television Guatemala in Spanish 0400 GMT 6 Dec 84 PA]

CSO: 3248/177

SOVIET TRADE OFFICIAL SEES GROWTH OF BARTER ARRANGEMENTS

FL162214 Mexico City NOTIMEX in Spanish 1845 GMT 16 Nov 84

[Text] Mexico City, 16 Nov (NOTIMEX)--Petr Koshelev, vice president of foreign commerce for the Soviet Union, has stated here that the Soviet Union is interested in increasing its commercial ties with Mexico, despite the fact that U.S. monopolies do not want to lose their markets.

He added that despite that fact, trade between the two countries will increase, especially in the area of iron and steel, which should stimulate the exchange of products to alleviate the scarcity of currencies.

He stressed that the increase in Mexican-Soviet trade depends in large measure on the Mexican Government's seeking to reduce the trade triangle, which is a disadvantage for Mexico.

He emphasized that the USSR is not a member of the International Monetary Fund or the World Bank and is therefore, not inclined to support those organizations' demands that credits to Mexico be reduced and that punctual payment be demanded.

Koshelev, reiterated that his country is willing to negotiate barter arrangements with Mexico, because the Soviet economy is planned.

The official added that many trade and cooperation projects between Mexico and the socialist countries, including the USSR, have not prospered because of the pressure exerted by monopolies and because Mexico lacks information about companies and the way of life in those countries.

CSO: 3248/162

MEXICO

VERACRUZ STUDENTS, CITIZENS BEAT OFFICIALS, BURN TOWN HALL

PA160022 Mexico City THE NEWS in English 12 Nov 84 p 4

[Excerpts] Las Choapas, Veracruz—Local residents and technical school students went on a rampage here during the weekend, setting fire to City Hall and state buildings and badly beating the town's mayor and chief of police. Violence erupted after police reportedly shot to death student Gustavo Reyes del Valle as he reached his home early Saturday after attending a party Friday night.

The killing angered residents and students at technical schools in Las Choapas and the nearby towns of Minatitlan, Acayucan and Coatzacoalcas, who marched on the City Hall demanding the immediate arrest of the guilty police officers. Receiving no response, the mob then went in search of Mayor Roberto Cayetano Fernandez and Police Chief Jorge Yepes. Unable to locate the former, they set fire to City Hall, the state treasury building and the mayor's home from which they reportedly took and destroyed a "large number" of cases of imported liquor, security bonds, cash, and automatic weapons cached there.

After burning the mayor's house to the ground, the mob sought out and found the police chief, mauling him severely while some 20 heavily armed policemen stood by, without coming to his aid. In addition to City Hall and state buildings, a Conasupo and a Pemex workers' store were sacked, with losses estimated at 400 million pesos. Damage to the town so far is estimated at more than 1 billion pesos.

CSO: 3248/162

BRIEFS

GOVERNMENT INVESTMENT POLICY PRAISED—Mexico City, 17 Nov (NOTIMEX)—GDR Ambassador to Mexico Joachim Naumann has stated that the Mexican Government took the proper stance on the selectivity and control of foreign investment. Interviewed at the Mexico City airport where he was seeing off Socialist Unity Party [SED] delegation, he said no one has a right to object to such a ruling because each country is free to formulate laws it believes will protect its interests. The diplomat added that in the near future GDR investors will no doubt begin economic and trade cooperation projects with Mexico. Speaking about the activities of the SED delegation here, he said its main objective was to exchange information with the Unified Socialist Party of Mexico. The two parties have been exchanging information for several years. [Text]
[Mexico City NOTIMEX in Spanish 1844 GMT 17 Nov 84]

CSO: 3248/162

NETHERLANDS ANTILLES

BUSINESS FIGURES DISCUSS GLOOMY ECONOMIC PROSPECTS

Willemstad AMIGOE in Dutch 6 Nov 84 p 3

[Text] WILLEMSTAD--The Dutch Antilles are heading towards a very gloomy future. This was the conclusion of the participants in a discussion meeting organized last night by the Chamber of Commerce and the Business Union of Curacao. The central theme was the 1984 Enterprises poll. "The poll indicates dark clouds over Aruba and over Curacao. But the former have a wide silver rim thanks to tourism--which unfortunately is not the case for the latter. Meanwhile the clouds have darkened even more due to the repeal of withholding tax and the closing down of Lago; and while they are pitchblack over Aruba, the silver rim is still there."

This was the point of the first speaker Jaap de Boer (M.B.A.), staff-member of Economic Affairs. He thinks that the closing down of Lago has not affected the outcome of the poll--which to a certain extent takes it into account. The interviews with Aruba entrepreneurs held last June already revealed much pessimism regarding Lago's chances. The shutdown also gravely confirms the theses of the poll--which apply to Curacao as well, de Boer said. "We are talking about the vulnerability of the type of businesses we have and about the fact that the islands of the Netherlands Antilles are becoming less competitive in the world. The Lago case demonstrates very bluntly how badly a small economic system is hurt when one of its few foreign currency generating businesses is no longer competitive on the international market."

Boosters

The point of view of the entrepreneurs regarding the enterprises poll was represented in last night's discussion by Ad Kolen. He said that perhaps the shutdown of Lago is not such an unexpected mishap as thought. Now it is also known that Shell, CDM and ALM are doing very badly and survive only thanks to heavy financial Government support. "It may be great to be a shareholder of such a terrific airline and such a great DOK-company, but if it only costs money I am

not interested. And now that Shell as well has brought its shares on the market, I am afraid that this is just another potential candidate for subsidies--because Shell, just like the formerly mentioned companies, has too many employees. And it would be very unwise politically to sack these." Kolen thought it better to spend less and more wisely in the coming years the revenues from off-shore type taxes than to grant subsidies in an irresponsible way.

Curacao has the worst prospects of the entire Netherlands Antilles, de Boer said. "The 1982-83 turnover and enterprise-result curves for Aruba and Curacao do not deviate much from the average in the Antilles, although Curacao's turnover is slightly less than that of Aruba. Bonaire and St Maarten are doing slightly better. But where Curacao really stands out negatively is in the creation of new jobs. Jobs are lost for 90 percent on Curacao--and that is without taking the figures from the Lago shut-down into account." De Boer attributes this to the fact that the only business to create a substantial number of jobs in 1983-85 will be tourism (hotels and catering). Curacao does not gain anything by tourism--on the contrary, tourism-related employment is even decreasing there, according to de Boer.

Entrepreneur Kolen agreed with de Boer. He suggested that a huge hotel project be designed. "This yields a lot of jobs already during construction, first for construction workers, and then in the hotel and catering business." Therefore Kolen appealed to the Executive Committee: "Act now, create a joined and especially: qualified commission to work out this project. Determine deadlines for estimates of cost, construction time, manpower required and revenues of foreign currency. Publish these estimates and decide on a date to begin the works."

Sensitive to Market Trends

Union leader Ewald Ong-a-Kwie of the CFW, commenting on the poll from the standpoint of the Union, made it clear that he disagreed. He thinks that the importance of tourism, a sector very sensitive to trends in the market, need not be exaggerated. Of great importance, according to the Union leader, are local industries. Ong-a-Kwie, noticeably agitated, stated that local businesses should motivate the people and show them that local products are equal to foreign imports. He also thought that more industrialization is necessary. "We should not only produce for the local market but for the export market in particular, and not with just one product but with dozens or hundreds."

Mr Kolen last night also discussed the law on lay-offs. He thinks that this law is a major impediment for many if not for all entrepreneurs. According to Kolen, it would help and stimulate production if personnel replacement were possible without having to apply for it. Kolen said that the pay for unskilled and low-level skilled workers is far too good in comparison with the neighboring countries.

Later Ong-a-Kwie heatedly objected to this. "Please do not forget that salaries are related to the cost of living." The latter, according to the Union leader, is far too high on the Antilles. "If the cost of living amounts to 100 percent in the Netherlands, then it is 180 percent here and 130 to 140 percent in the United States," Ong-a-Kwie said. Salaries are raised because the cost of living is so high. He said to be aware of the serious economic situation. We need a new creative policy, the CFW chairman thought. A policy that safeguards and creates employment, a policy that protects spending power, a policy that strives for a just division of income. But such a policy also has to provide capital and foreign currency, Ong-a-Kwie said. According to him, however, only the people of Curacao themselves can save the island--no foreigners, no one from the United States or the Netherlands--only we ourselves can.

A Punctured Life-jacket

De Boer concluded his introduction with the thesis that Curacao's economic prospects are gloomier than those of the other islands, St Maarten included.

And de Boer upheld this thesis in spite of the closing down of Lago. "I have heard it said that because of this shutdown Aruba has to swim or drown, but there is a good chance that thanks to tourism Aruba will keep afloat. I would like to add to this that Curacao, too, has been in bad waters for a long time but is kept afloat by the slowly deflating life-jacket of off-shore tax revenues. But real swimming is out of the question--by which I mean that none of the businesses that have to provide Curacao with foreign currency are really competitive or healthy, and that all of them have to be kept alive artificially with government subsidies. "But he ended on an optimistic note and stated that inventive and aggressive private enterprise could still eventually make the islands reap the benefits of their geographical position between three continents. Moreover, Curacao too must be able to benefit significantly from tourism, seeing the considerable success of the other islands of the Netherlands Antilles on the American tourism market--a market with a projected explosive growth in the coming decade.

Kolen, concluding his comments, disagreed with the expression "tightening one's belt" and suggested instead the slogan "Guidelines for a healthy economy." Ong-a-Kwie said that Curacao "should get from under mother's skirts" and that "we ought not keep our hand open like beggars any more; instead we should use our wits to save the economy of the Antilles ourselves."

12861

CSO: 3214/10

TRANSSHIPMENT, PROCESSING OF COAL ON ARUBA POSSIBLE

Willemstad AMIGOE in Dutch 13 Nov 84 p 5

[Text] Oranjestad--A start has been made in shipping coal out of Colombia via Aruba. Moreover, the possibility exists that if the Water and Energy Works (WEB) in Balashi were to change over from oil to coal consumption--as is taking place around the world to an increasing extent--this could result in a 30 percent savings in fuel costs. This transshipment and the possible mixing of coal with pitch on Aruba would mean first of all that 20 people could find employment. If the WEB also begins to use coal, 20 more people would find work.

AMIGOE talked yesterday with Eduardo de Veer of Associated Transport Aruba, which is heavily involved in these coal plans. Mr De Veer said that all this is still in an initial stage, and that possible alternatives are being considered. In view of the growing world interest in coal, the Cucuta region, near San Cristobal, has become the focal point of interest. There is some coal there. This is transported by truck to a private harbor near Maracaibo and there loaded on board in bins. Eduardo de Veer explained that use is made of a private harbor because it cannot be shipped from the official harbor in view of the great amount of coal dust. This private harbor was set up in a place where almost no people live. The only disadvantage of the harbor is that it is only three meters deep, so that large ships cannot enter it. That is why the coal is loaded into bins and taken from the private harbor by sea to a larger ship, which holds 25,000 tons of coal. From there, the load is brought to Aruba, where it is shipped with or without oil waste to the United States or Europe. Tests are still being done, but if everything turns out all right, a start to regular shipments will be possible by the end of the year. Among the things that will have to be taken into consideration is whether the shipment will go via Aruba or straight through by sea. In this, Aruba would stand the best chances because the owners know that coal supplies would be safe on Aruba. While there is also pitch present on Aruba. Furthermore, there is a plan to deposit a supply of 25,000 tons of coal on Aruba so that there is always a supply. The price of one ton is between \$45 and \$50.

Mr De Veer has already held the necessary talks with the APA [expansion unknown] about these transit plans. The plans of Mr De Veer, who is working on this by order of SSM[coal and shipping company] Coal in Rotterdam, is being met with approval in APA circles. As it is well-known, the director of APA, Mr Chris van Krimpen, has from the very start also emphasized wishing to see Aruba as a large transit harbor. Eduardo de Veer, who has over the course of the years successfully gotten various projects off the ground, has high hopes that this coal project will succeed. "During a time of bad reports for Aruba, it is good that there are positive reports," De Veer said in his talk with AMIGOE.

12271

CS0: 3214/13

NETHERLANDS REDUCES SUBSIDY TO DRYDOCK COMPANY

Willemstad AMIGOE in Dutch 12 Nov 84 p 3

[Text] The Dutch government has suspended part of the subsidy promised to the Curacao Drydock Company (CDM). This has happened because the CDM has not adhered to the conditions attached to the subsidy by the Netherlands.

The decision to suspend the subsidy was made after the Governing Board [BC], which is the largest CDM shareholder, refused several weeks ago to lay off 245 dock employees, the ANP [GENERAL DUTCH PRESS AGENCY] reports.

As AMIGOE reported earlier, CDM director Mario Evertsz considered these layoffs so necessary that he handed in his resignation when the Governing Board rejected the layoffs.

A spokesman for Minister of Antillean Affairs Jan de Koning said during his visit to the Antilles that the Netherlands had promised 10 million guilders to the CDM last year on the condition that reorganization measures would be carried out. Quarterly checks would be made to see if these conditions were being satisfied. However, once six million guilders had been paid, the Netherlands felt that Curacao was not abiding by the agreement by stopping the layoffs. The payments for the last two quarters, which come to four million guilders, are thus being suspended. According to the spokesman, it is for the Netherlands not a question of laying off dock workers. However, it must be realized that the CDM can operate without doing so at a loss, he added.

According to the Head of Finances for the CDM, Mr Hoebe, in response to questions by AMIGOE, the suspension of the Dutch subsidy is in fact an issue between the Governing Board and the Netherlands. Specifically, the subsidy is not given directly to the CDM, but to the BC. Since the Governing Board has assumed responsibility for 14 and 21 million guilders in 1984 and 1985, respectively, the CDM itself will not suffer under the cutback. According to Hoebe, it is not the case that the CDM did not adhere to the conditions. However, the conditions set by the Governing Board were different from those attached by the Netherlands to its subsidy, and the CDM satisfied BC conditions, the CDM board member concluded.

Delegate George Hueck could not be reached this morning for comment.

12271

CSO: 3214/14

NETHERLANDS ANTILLES

AMBASSADOR TO NETHERLANDS HERNANDEZ TAKES OATH OF OFFICE

The Hague ANTILLIAANSE NIEUWSBRIEF in Dutch 20 Nov 84 p 1

[Text] Mr Gualberto T. Hernandez was sworn in as plenipotentiary minister of the Netherlands Antilles by Her Majesty Queen Beatrix last 12 October.

Here follows a comprehensive biography of Minister Hernandez.

Surname: Hernandez.

Name: Gualberto Terzo.

Date of birth: 12 July 1927.

Place of birth: Curacao.

Marital status: Married to Shenarda Felicia Pietersz. Number of children: seven.

Political party: Democratic Party-Curacao.

Professional Career

Took a post as writer with the Post Office in 1947. After receiving the diploma in English business correspondence and the diploma of eligibility for deputy departmental clerk, he was promoted in 1954 to deputy departmental clerk.

In March 1959, he was charged with the administration of the Central Managing Board of the Post Office. In 1960 he was promoted to departmental clerk. In 1961 he successfully completed specialized training for the Post Office Service.

In 1962 he was granted a study assignment with the PTT [Post, Telegraph and Telephone] in the Netherlands in order to familiarize himself with modern postal administration and methods of operation, as well as the administration of transit statistics.

In 1964 he was charged with the preparation and design of the Otrobanda substation, as well as with responsibility for postal methods of operation and administrative and accountable aspects.

In 1964 he was promoted to the position of head departmental clerk at the Otrobanda substation.

In 1967 he was named Curacao postmaster.

This was followed in July 1976 by his appointment as postmaster-general.

Law Studies

On 5 January 1978, he passed his doctoral examination in law at the University of the Netherlands Antilles.

Minister of Public Health and Environment

From 14 October 1977 until 31 July 1979, he was minister of public health and environment. On 20 October 1980 he was again named minister of public health and environment.

Vice-Prime Minister

From 8 September 1981 until 3 November 1982, he was vice-prime minister of the Netherlands Antilles.

Participation in Summit Conference

In October 1981 he participated in the summit conference in the Netherlands.

Plenipotentiary Minister to the Netherlands

As of 1 October 1984, he was appointed plenipotentiary minister of the Netherlands Antilles in the Netherlands.

Distinctions

On 28 February 1978, he was distinguished by the government of Venezuela by appointment to the Order of Francisco de Miranda, first class.

On 20 December 1983, he was appointed knight in the Order of the Dutch Lion.

Other Duties

Director of the Post Savings Bank of the Netherlands Antilles.

Director of Flamingo Beach Hotel NV on Bonaire.

Director of Central Mortgage Bank NV on Curacao.

He has also occupied the following posts:

Secretary of the General Netherlands Antillean Government Workers' Union of Curacao (ANAAB-Curacao).

Member of the Commission for Organized Government Worker Deliberation.

Chairman of the General Netherlands Antillean Government Workers' Federation.

Chairman of the board of the Antillean Boy Scouts Federation.

Chairman of the Foundation for Government Worker Housing Construction.

Chairman of the Kiwanis Club.

2 April 1979--chairman of the 12th PAHO [Pan American Health Organization] Ministerial Level Conference (RICAR 12).

Mr Hernandez becomes the ninth plenipotentiary minister since the statute went into effect in 1954.

12271

CSO: 3214/14

DEPUTY AMBASSADOR TO NETHERLANDS ZAANDAM SWORN IN

The Hague ANTILLIAANSE NIEUWSBRIEF in Dutch 20 Nov 84 p 5

[Text] On 5 November 1984, Mr Remie R. Zaandam took the oath of office from Her Majesty Queen Beatrix as deputy plenipotentiary minister of the Netherlands Antilles. The ceremony took place at the Huis ten Bosch Palace in The Hague.

The following is a biography of Mr Zaandam.

Surname: Zaandam.

Name: Remie Roell.

Date of birth: 19 June 1936.

Place of birth: Suriname.

Marital status: Married to Grietje Louise Smit. Number of children: three.

Political party: Member of Electoral Movement of the Aruban People.

Professional Career

From 1 August 1958 until March 1979 police official with the Netherlands Antilles Police Corps.

From 1968 to 1971 he underwent police officer training in Apeldoorn.

1971-1974: Chief of police on the Windward Islands.

1974-1978: Acting police commissioner on Aruba.

1979-1984 (October): Deputy from the district of Aruba for the Electoral Movement of the People political party.

December 1979-December 1982: Acting administrator of the district of Aruba.

19 October 1984: Appointed as civil service administrator and given interim position on the cabinet of the plenipotentiary minister of the Netherlands Antilles. Also detailed as deputy plenipotentiary minister of the Netherlands Antilles.

12271

CSO: 3214/14

MAYNARD REVEALS PLANS FOR NEW ST MAARTEN PARTY

Willemstad AMIGOE in Dutch 24 Oct 84 p 6

[Text] Philipsburg-Oranjestad--Ex-Deputy Rupert Maynard confirmed yesterday morning in a conversation with the Aruban desk of AMIGOE that he did in fact have plans to establish a new political party on St Maarten.

Rumors have been circulating for some time on St Maarten that a new political party was in the offing. No names were named. Deputy Sam Hazel made known in the meanwhile that he has nothing to do with this party and has no plans to leave the DP [Democratic Party]. When Deputy Hazel heard for the first time, on Radio St Maarten, that a new political party was in the making, he thought that it was a "joke". He could not imagine that people would spread rumors about a new party and not have the courage to name names. According to Deputy Hazel, people who hold such ideas have no right to go into politics. "If I were to enter into a new party, then I would make that known, because I have nothing to hide. They have not approached me, but I will not associate myself with this party because they are cowards," says Deputy Hazel.

Ex-Deputy Rupert Maynard has been active in St Maarten politics since 1975; he was deputy of Finances from 1977 to 1979, during which time he conducted a strong policy, but ultimately he had to abandon the field.

To AMIGOE's question as to whether he is busy with a new party, he answered briefly: "Yes, there has to be a new opposition party without delay. St Maarten needs this urgently, as the opposition that now exists is not strong enough." Mr Maynard was not yet able to name any names, but he did say that the names "SNPM" (St Maarten New Progressive Movement) and "NPM" (New Progressive Movement) were being considered. The plan is to participate in the States elections next year, in which Rupert Maynard presumably will not be a candidate; he will probably run in the elections for the Island Council.

He thinks it is a bad thing that the same person has sat in the same seat for 30 years now. As far as the political future is concerned, the ex-deputy is of the opinion that if the politicians on Curacao has adopted a

different attitude 10 years ago and had paid more attention to the Arubans' wishes, an entirely different situation would exist now. As to the division of gold and currency supply, the ex-deputy of Finances believes that this will benefit neither the Five nor Aruba. According to him, there has to be a central Bank, whose management can be changed every year.

For opposition leader Vance James Jr, the report that Rupert Maynard is coming up with a new party was no surprise. He had already heard something like that, but--strangely enough--Maynard did not officially make anything of this known to the SPM [St Maarten Progressive Movement?], on whose slate he appeared a few years ago.

Claude Wathey, head of the DP, who has led politics on St Maarten for 30 years, could only laugh. He had heard something about this, but he stated to AMIGOE: "I have absolutely no objection to opposition, the people know well how they should react to this, that has been made clear for the past 30 years."

12507

CSO: 3214/9

NETHERLANDS ANTILLES

BRIEFS

NEW ARMS FOR POLICE--Willemstad. The Netherlands Antilles Police Corps is procuring fifty-machine-pistos for coping with more severe forms of criminality. According to a press release by the Government Information Service (RVD), Justice Minister Leslie Navarro granted the authorization for procurement of these weapons. They are being placed at the disposal of units of the corps so they will be able to deal with severe criminality when the occasion arises. It is for this reason that it is necessary to equip the police with weapons of this sort, according to the press release. [Text] [Willemstad AMIGOE in Dutch 1 Nov 84 p 3] 12507

CSO: 3214/9

POPULAR CHURCH STATEMENT SUPPORTS REVOLUTION

Managua EL NUEVO DIARIO in Spanish 19 Nov 84 p 11

[Text] We dearly love our beautiful child, our beloved revolution, so tender and so strong. This child cannot be intimidated. If we are the victims of aggression and attack, it is because our revolution is honest. We do not attack, because we have a conscience and because we love peace. Our revolution is not violent, its path is that of peace. If we do not attack Honduras, it is not due to cowardice, but because we are brotherly peoples, and because we know that the people of Honduras are oppressed, as oppressed as we were by Somoza and the yankee imperialists.

Therefore, because we love this child, which is the blood of our blood, which is our joy and represents new life, so much, the beginning of the kingdom of God--for this reason we want to renew our energetic denunciation and our promise.

With all our strength and all the force of our voices and hearts, we denounce all the criminal attacks upon our revolution. We denounce the continuing attacks on our civilian people from Honduras and from Costa Rica. We denounce the criminal kidnappings, murders and shellings, and in particular the slaughter of children. We most forcefully denounce those Nicaraguans who have betrayed our fatherland, leading the counterrevolution and serving as docile tools of the yankee imperialists, who are manipulating and arming them to murder their own people.

At this time we want to denounce once again the criminal cynicism of the yankee imperialists, who have boycotted the Contadora peace actions in many ways, and who have slandered our elections wildly. The yankee imperialists cannot tolerate the fact that we, a small country, are free and are not subject to their exploitation. Therefore they incite the neighboring peoples against us, because they do not want the light of freedom to shine in Central America. For this reason, they shower weapons and dollars on the counterrevolutionaries, because they fear liberty. They, the yankee government leaders who support the dictators and adore money--now they are saying that they are defending democracy and religion! What cynicism! They attack us, because as the gospel says, he who is evil abhors the light. Our little light reveals the wickedness of the imperialist giant. We hope that our bishops will be motivated one day to denounce these attacks.

Tender Heart of the People

We denounce, then, all of the economic, political, military and religious aggression seeking in vain to put out our light. On the other hand, we rejoice at and are thankful for the solidarity of so many brotherly peoples, of Christian groups and political organizations and governments. We recognize that solidarity is the tender heart of the people.

It would serve no purpose to voice these denunciations if we did not renew and strengthen our commitment at this most serious hour. Our commitment is a simple one and it comes from love. We pledge ourselves as a Base Church Community to embody our new Nicaragua ever more profoundly. We promise to continue to love this beautiful child passionately and to respond in faithfulness and love to all our fatherland asks of us in these most serious moments. And we want to make our commitment concrete along these lines: to strengthen revolutionary vigilance, to revitalize the CDS [Sandinist Defense Committees], to commit ourselves fully to civil defense, to be stern, and to analyze the situation constantly. We do all of this motivated by our faith and by the gospel, which commits us profoundly to our brothers and to our fatherland. And we are certain that in this process, God is with us. He encourages us to recognize our errors and renew ourselves in order to proceed every day toward becoming new men and women in this new Nicaragua we are building.

In view of the aggression which represents hatred and death, we renew our commitment of love, our commitment to life. With passionate love we want to bear witness to the gospel today in our much beloved and much attacked Nicaragua. Therefore, loving Jesus, His gospel and you, beautiful child, we renew our commitment today as revolutionary Christians to respond faithfully, out of love, to everything the fatherland asks of us today for the defense of this program for the poor, this program for life.

Base Christian Communities
Managua 15 November 84

5157

CSO: 3248/147

NICARAGUA

BRIEFS

PERUVIAN LOBSTER BOATS—The allocation of a line of credit from Peru has made it possible for the INPESCA [Nicaraguan Institute of Fisheries] to purchase seven lobster boats, four of which are already in our country. The ultra-modern vessels costing \$486,000 each are afloat on the crystal waters off Corn Island, opposite the PROMAR Sea Products Enterprise wharf. The Peruvian vessels have echosounding and radio communication systems, which the older vessels also have, and in addition they have a radar and satellite system for navigational use by the sailors at sea. Efraín Reyes, in charge of the PROMAR fleet, explained that a training seminar on refrigeration methods and electrical and machinery systems on the Volvo models, which are 65 feet long and 20 feet wide and draw eight feet of water, is being offered for captains and sailors. Allan Dixon Howard of the Monimbo Workers Union explained that the vessels were allocated on the basis of the conduct, production and yield of the crew members. He said that the purchase of the boats adds 28 new jobs to the present 300, of which 180 are on board ship. He concluded with the statement that this represents a great advance, since many of the boats are deteriorating for lack of replacement parts. "The good thing is that with this new line of vessels, we will have a continuing source of replacement parts." [Excerpts] [Managua BARRICADA in Spanish 31 Oct 84 p 12] 5157

CSO: 3248/147

DOMESTIC, FOREIGN SOURCES OF POLITICAL PARTY FINANCING

Lima OIGA in Spanish 26 Nov 84 pp 28-31

[Article: "Who Is Financing the 'Planks'?"]

[Excerpt] Although the political parties have not yet started hurling poison arrows at each other, with mutual recriminations regarding the always dubious, wealthy purses financing their respective election campaigns and the mysterious "godfathers" behind them, the situation is beginning to take shape and it could, as in previous years, become the main course in the debate, even displacing the proposals that each sector plans to make for solving the country's problems.

At social and political meetings, there has already been mention of this or that group having "strong godfathers," and also that the black hand of the drug traffic and contraband may be among the very secret financiers. Most likely at the beginning of next year, when electoral emotions are unleashed to the maximum extent, the main course of electoral finances will cause good manners to be lost and the politicians to bring out all their dirty linen into the open.

In PAP [Aprista Party of Peru] it has been claimed not only that PPC [Popular Christian Party] is a party of "millionaires," but also that AP [Popular Action] might have more millions than its former ally has. Similar claims have been made about the front headed by Gen Francisco Morales Bermudez, on account of his connections with the Italian group, including certain banks and insurance companies, as well as part of business. But if millions are involved, it is claimed that the Aprista Party is not exactly a poor party, because it has the backing of many manufacturers and builders, but, in particular, sizable support from abroad. The Marxist left has not failed to hold its millions just because of being "classist." Although this is difficult to quantify, observers note that IU's [United Left] purse might be as large as or larger than that of the parties which they describe as "rightist."

At this time when everyone is "adjusted" by the crisis, the millions are appearing in torrents, and no party has taken the trouble to find out their origin. To be sure, everyone knows that there are "traditional" contributors,

both native and foreign; but in this campaign "godfathers" have shown up who, at least 5 years ago, had only enough to support their households. Among the "traditional" contributors abroad are the Mexican PRI [Institutional Revolutionary Party], Jose Figueres' party, Cuba, Willy Brandt's German Social Democratic Party, the Konrad Adenauer Foundation, Moscow, Prague and Berlin, the Socialists of Sweden, the Netherlands and Italy, North Korea, Communist China and, to some extent, Albania.

Now, added to this considerable foreign contribution, for these elections, is the one arriving from Managua, Madrid and Paris, where the Marxists and Socialists have established themselves.

How much does an election campaign cost? Over 3 months ago, the strategists from Popular Action, headed by Luis Gonzales Cacho, estimated that a "modest" campaign with the Alva-Ulloa-Mariategui ticket, including television appearances, rallies on the national level, travel, pamphlets, equipment purchases, bodyguard payment, ads in newspapers, posters and other items, would cost no less than 3 billion soles. Of course, the sum is insufficient in an inflationary process such as the one we are experiencing, and because there could be unforeseen circumstances.

It is estimated that the amount that would have to be spent by PPC is no less, because that party, in addition to all that has been mentioned in the case of the AP ticket, would like to intervene in the revival of the newspapers LA PRENSA and ULTIMA HORA. Felipe Osterling, Enrique Elias and Richard Amiel, who are responsible for the campaign and its financing, must be experiencing quite a few problems.

APRA [American Revolutionary Popular Alliance], which conceals the collection of funds with typical committees of "independents" who organize banquets and luncheons every Saturday to support Alan's candidacy, apparently has no major financial problems, because it has already started the election campaign on a large scale, airing several special TV programs, each 15 minutes long (costing several million per minute) on Puno, fishing and agriculture. It is said that APRA will most likely be the party spending the most during these coming months, because added to its traditional contributors are those from North Korea and Spain.

Although IU has circulated the rumor that its campaign will be austere and monk-like, and that it will not cost more than 200 million soles, which "it does not have yet," the fact is that it has spent over 80 million soles on just two national plenaries (the one which "selected" the plank and a recent one of women under the awning on Grau Avenue). Observers claim that IU might reckon no less than 3 billion soles for its campaign. And it has not only the "charisma" of Barrantes, but also the funds from Gustavo Mohme (Socialist Political Action) and Miguel Angel Mufarech (PADIN [National Integration Party]). Some think that its campaign costing millions is a slap in the face for the people.

The total size of Morales Bermudez' campaign is not known, but there are some indicators: what he has spent on Pantel telecasts alone, which have been going

on uninterruptedly for 3 months now, exceeds 42 million; and the publication of his program in EL COMERCIO cost 60 million. There must be added to this the cost of travel, leasing premises, and paying for personnel, signs and pamphlets. And it is claimed that this group is negotiating with Agois Banchemo to revive CORREO.

National Left, the Caceres' party, strangely enough, has contributions not only from the merchants and livestock raisers of Juliaca and Puno, but also, it is said, from "unholy" businessmen from the other side of the border, who are contributing their money to Don Roger's campaign.

The Popular Action 'Godfathers'

AP has many contributors on the national level, prominent among whom are the Zanetti group (Faucett, canned goods industries and real estate), the Tizon group (telecommunications, builders), the Bentin group (beer and other industries), the Ulloa group (various business firms both inside the country and abroad), and the Hersi and Carriquiry Blondet group (gold production, silver production and small mining).

Also included among the leading native contributors are the Loreto lumberman and merchant, Abenzur, the importers Honma and Yompian, the customs group headed by Cheneffuse and the southern urban developers headed by Senator Diaz Orihuela.

Popular Action has not had and still lacks strong contacts with parties abroad, but, through Eduardo Orrego, Fernando Schwalb L.A., Manuel Ulloa and Javier Arias Stella, it might be procuring funds from the U.S. and Europe to shore up its campaign.

AP also has a fund of 300 million soles originating in its congressional group which has been contributing monthly and on a compulsory basis. Each one will contribute an extra 7 million to the campaign.

The PPC's 'Godfathers'

From the Venezuelan COPEI [Social Christian Party], which is the largest Social Christian Party in Latin America, constant aid is reaching it and, with more reason, for the campaign. And it is coming through Andres Townsend, a man with excellent contacts in the Latin American Parliament. This time it will receive contributions from the Mexican PRI and from Colombia.

But money to finance it is also arriving from Europe, particularly from the Konrad Adenauer Foundation, as well as from the Social Christians of Italy. In the middle of the month, a PPC delegation headed by Felipe Osterling is due to travel to Europe for this purpose.

On the national level there are several contributing groups, including the Romero (banks and textiles), Woll (ship-building and customs) and Wiese (banks,

industries and real estate); as well as sizable sectors of industry and construction. Also aligned with PPC are many large-scale business owners, such as Hiraoka, the Carsa group in Arequipa and large sectors of the small and medium-sized mining industry, in which Deputy Celso Sotomarino, also a mine owner, is active.

It is also claimed that PPC's major contributors include the merchant Chang, who distributes the "Don Lucho" products, as well as the rice and wheat millers, including Nicolini; and, in particular, the Rizo Patron family and the group from the cement industry.

APRA's 'Godfathers'

Since APRA's presidential candidate, Alan Garcia, visited North Korea (where he was received by Kim Il-song as if he were a head of state), it has been precluded that this Asian country, traditionally an unconditional friend of the native Communists, would back the "winner" with greater emphasis. The contacts between the Koreans and the Apristas have been increasingly frequent, and hence it is claimed that the backing is very sizable. North Korea is seeking diplomatic recognition, and is convinced that it will obtain it from an Aprista government.

Ranking second is the financing from the Venezuelans, via Democratic Action [AD]. Both Alan and Villanueva have been in Caracas three times this year; and their generosity toward the Apristas has just been expressed in the gift of a headquarters in Venezuela. The AD secretary general, Dr Penalver, in his address, promised "unconditional support for Aprism, the fraternal party."

This year, there will also be backing from Panama, which currently has a government friendly to Aprism. Hugo Otero has already visited that country twice to improve contacts. And the amounts collected from Figueres' Costa Rica are taken for granted.

In Europe, APRA has a traditional friend, namely, Willy Brandt's Social Democratic Party, and Brandt recently paid a visit; but, in addition, it has the sympathy of Felipe Gonzalez' Socialist Spain, whose Peruvian connection is Alfredo Barnechea, as well as Alan Garcia himself. Other lesser contributions come from Portugal and London, via the Labour Party.

Observers think that, in this election campaign, APRA will have plenty of money to spend and that at least 80 percent of those funds will come from foreign friends.

In the trade union area, APRA is receiving aid from the AFL-CIO in the U.S. and from the Consortium of Sea Trade Unions, with headquarters in Panama, to which Luis Negreiros is linked. In Peru, the CTP [Confederation of Peruvian Workers], PESCAPERU [State Fishmeal and Fish Oil Production Agency], telephone workers and other trade unions are offering their constant support.

The IU's 'Godfathers'

In the presentation which IU gave on the program "Paths to Power" directed by Alfonso Baella, one could observe the Marxist gamut, this time broadened by figures such as Mufarech, Mohme and the generals of the first phase, closely linked with foundations in the Netherlands and Sweden.

Observers indicate that IU has the support of Havana and certain European Communist countries, such as Russia, East Germany and Czechoslovakia. The money arrives through the Communist Party headed by Jorge del Prado and, in particular, from Gen Leonidas Rodriguez' PSR [Revolutionary Socialist Party]. As an additional note, it should be said that, during recent months, the first phase generals have been making frequent visits to the communist countries; and hence it is thought that they might be the new fund collectors.

Through IMPET, headed by Gens Fernandez Maldonado and De la Flor, money is received from the foundations in the Netherlands and Sweden to finance IU's campaign. But "purses" are also being made up in the U.S., Paris, London and Rome, through contacts of the shifting Javier Diez Canseco and his PUM [Mariategui Unification Party] group.

Funds are also arriving from North Korea, China, Arafat's Palestinians, Spain, France and most likely Ethiopia and Libya, for Mayor Barrantes' campaign.

Internally, the large financiers are Mufarech and Gustavo Mohme, the CGTP [General Confederation of Peruvian Workers], the Committee of Self-Managing Enterprises controlled by PSR, CNA [National Agrarian Confederation]...and the powerful vendors on Polvos Azules and Abancay Avenue.

The General's 'Godfathers'

The front headed by Gen Francisco Morales Bermudez does not seem to have empty pockets. The Italina group led by Piero Pierantoni, headed by the insurance company, Italo-Peruana, is the leading contributor. But he is also reportedly receiving some backing from COPEI, through Edmundo Arana Gonzales, head of the Social Christian Party comprising that front, who recently returned from Venezuela.

Groups of livestock raisers in the south are also on the list of "godfathers."

The Others

Finally, the Trotskyite groups led by Ricardo Napuri are receiving money from the Netherlands and Paris, as well as from Colombia and from the Socialist Workers Party in the U.S. Roger Caceres' sector has backing from the business owners and cattle raisers in Puno and Arequipa, but what is significant is the fact that it is said to be receiving assistance from the business owners, if they can be called such, located on the other side of our border.

2909

CSO: 3348/188

DEFICIT DOWN; OIL CONTRIBUTES 37 PERCENT OF EARNINGS

Nine-Month Drop in Arrears

Port-of-Spain EXPRESS in English 22 Nov 84 p 24

[Text]

IN SPITE of lower revenues, the budget deficit for the first nine months of the year was 24 per cent lower than that incurred in the corresponding period last year, the Central Bank's Quarterly Economic Bulletin said in its September issue.

Reviewing up to the third quarter of the year, the bank said during the period January to September, the government reduced its expenditure by 13 per cent from that incurred in last year's corresponding period.

"Capital expenditure declined by 34 per cent to \$1,116 million; revenues from the oil sector declined from year earlier levels while non-oil

revenues also fell despite measures introduced in the 1984 budget," said the publication.

The bank's analysis also noted that the contraction in government operations resulted in a lower rate of growth of bank deposits but added that the rate of expansion of bank credit exceeded the growth of deposits.

"This, together with the impact of the marginal reserve requirement, caused excess liquidity to fall from an average of 3.3 per cent in the 1983 corresponding period to 1.5 per cent this year," said the Bulletin.

It added that the tighter resource position of the commercial bank-

ing system resulted in higher lending rates but the weighted average deposit rate remained stable.

Looking at trade statistics, the Bulletin said a trade surplus of \$137.7 million was achieved in the first half of 1984 as compared with a deficit of \$599 million for the corresponding period last year.

"This swing was largely a result of a 31 per cent reduction in visible imports."

In addition, the Bulletin noted that the deceleration in the inflation rate was as a result of mainly slower rates of increase in the prices of foodstuff and transport.

Revenue Figures

Port-of-Spain EXPRESS in English 22 Nov 84 p 3

[Article by Leonard Robertson]

[Text]

ACCORDING to the latest figures projected by the Ministry of Finance and Planning, the oil sector's contribution to total government revenue in 1984 will amount to 37 per cent.

If the projections become a reality, the figure would represent a drop of one per cent from the 1983 figure of 38 per cent. In 1983, income taxes were responsible for 34 per cent of the revenue.

In the Information Memorandum of October 1984, preliminary figures up to June 30, 1984 revealed total revenue from the oil sector to be \$1.2 billion with corporation tax, from the oil sector, amounting to \$968.8 million.

Income taxes for the same period amounted to \$1.08 billion and total non-oil revenue totalled \$1.9 billion. The figures indicate that total current revenue up to the end of June amounted to \$3.1 billion which meant that income taxes were responsible for 35 per cent of government revenue while corporation tax from oil companies represented 29 per cent.

The figures also show that total revenue from the oil sector was 38.7 per cent of the current revenue with the non-oil sector recording a figure of 61.3 per cent. Figures projected for 1984 suggest that income taxes would eventually account for a little over 34 per cent of revenue.

Up to the end of the first half of the year, Government had collected \$213.7 million in royalties from oil companies.

Government spending outstripped revenue by \$555.5 million. The deficit was financed by external borrowing of \$225.9 million and domestic borrowing of \$329.6 million, which included a draw down from the Long Term Development Fund of \$289.7 million.

Wages and Salaries headed the Government expenditure totals for the first six months of 1984. The Government dished out over \$1.2 billion to its employees while in transfers and subsidies \$1.1 billion was spent. Both of these figures exceed Capital Expenditure for the period which was \$1.06 billion while total government expenditure was \$3.7 billion.

Capital Expenditure was financed by the LTDF draw down, capital receipts, current surplus and net borrowing. The government proposes to return to the Euro-dollar bond market soon. Last year June, they entered the market through the placing of a \$120 million in Floating Rate Notes.

TRINIDAD AND TOBAGO

FOREIGN EXCHANGE EARNINGS PROJECTED FOR LNG PLANT

Port-of-Spain TRINIDAD GUARDIAN in English 27 Nov 84 pp 4, 13

[Text] Trinidad and Tobago can earn net foreign exchange up to \$2 billion (US) annually from a Liquefied Natural Gas (LNG) plant by 1998, according to Mr Elliot Bastien, who heads the finance and commerce section of the National Energy Corporation (NEC).

His comment was made at the second annual conference on the Trinidad and Tobago Economy organised by the Trinidad and Tobago Economics Association and the Economics and Social Sciences Teachers Association at the Hilton Hotel on Friday.

In a statement in which he pointed out that it was his views and not necessarily those of the NEC, he said:

"I do not make any claims to more than crystal ball gazing." He also emphasised that the figures he used "are only guestimates. A great deal of front-end work must be done before any decision on an investment of this magnitude can be taken."

In his paper which dealt with prospects for exports of liquefied natural gas, Mr Bastien said three basic questions needed to be answered before deciding on an LNG plant--Can we afford it? Will the return be satisfactory? Will there be a market?

To the first question he said: "What I will do is to give some ballpark numbers for the project and let the Casa decide if there is enough in the pot." The second, he said, continued to be the subject of exhaustive study, but "I will venture into a short description of the parameters in broad terms."

For the third, he said: "We have to wait and see where the market settles as it is at present in a state of flux."

Mr Bastien said the most recent update of the country's natural gas reserves showed that demand from present users up to the year 2004 will lead to a surplus of 5.3 TCF, or 50 percent of existing reserves.

"The total capital cost of an LNG project can be of the order of \$2,000 million (US) at a minimum. If the Government of Trinidad and Tobago takes up a 51 percent share of the project, and if the debt-to-equity ratio is 70 to 30, the Government's equity would be approximately 15 percent of the plant's capital costs. It will therefore have to release from the Exchequer at least \$400 million (US).

"So, can we afford it? There are several persons in this room far better qualified to answer this question," he said.

When the LNG project was first considered, Mr Bastien continued, the obvious target market was the United States because "it was a buoyant and increasing market; the pricing was as competitive as in any other part of the world except Japan; the geographical location offered a saving in transportation; and some of the Trinidad gas reserves would require investment by U.S. based oil companies for development." Some of these reasons, he said, still existed, though some to a lesser degree than others.

Mr Bastien discussed the factors behind the current transitional state of the American gas market, which has resulted in imports from Canada falling to 43 percent of authorised export volumes.

Mexican exports to 60 percent before being totally suspended, while all Algerian imports had been virtually terminated.

Combining import and domestic American gas production projections, Mr Bastien predicted a supply/demand imbalance in the 1990s and that additional supplemental supplies "could provide a window for Trinidad's LNG at this time.

"Because the U.S. market is so huge, slight changes in demand or supply can provide this opportunity earlier or later."

The first pricing system, based on figures published by the U.S. Department of Statistics, indicated that up to May this year, the average import price was \$4.15 (US) per million cubic feet (MCF). The second system is the one now being used for Canadian gas and at present works out at \$5.45 (US) per MCF, although he pointed out that there was currently a discount because of the weak US market.

"If the Government is required to draw from its foreign reserves for its share of equity, the total required over the construction period is \$400 million (US).

In the three years of production, however, this will be more than recovered from the net foreign exchange earnings of the project in the case of the first pricing system. The second shows that it is almost completely recovered in the first year of operation.

"Under the first pricing sytem, the net foreign exchange earnings will be almost \$400 million (US) per year in 1993, and over \$1,000 million (US) per year in 1998 when all debt is repaid.

Projects

"Under the second pricing system, the earnings will be almost \$1,000 million (US) a year in 1993. In 1998 when all debt is repaid, this will be doubled to almost \$2,000 million (US) per year."

Mr Bastien ended by re-emphasising that his figures were only guestimates. He added, however, that "we in this country are fortunate that a substantial amount of capital has been invested in the infra-structure."

Any new export gas projects will share this infra-structure with minimal further capital expenditure, and this is by no means a trivial advantage that we have over other less developed countries."

CSO: 3298/238

BRIEFS

NEW AMBASSADOR TO GUATEMALA--Caracas, 23 Nov (EFE)--Foreign Minister Isidro Morales Paul swore in Jesus Elias Morrel, the new ambassador to Guatemala, in Caracas today. Morrel will replace Luis La Corte who has been appointed ambassador to Colombia. [Summary] [Madrid EFE in Spanish 2255 GMT 23 Nov 84 PA]

NEW AMBASSADOR TO INDIA--Venezuelan Foreign Minister Isidro Morales Paul on 2 November swore in new Venezuelan ambassador to India Bernardo Bermudez Briceno, a former ambassador in Iran, Austria, and the Soviet Union. [Summary] [Caracas EL UNIVERSAL in Spanish 3 Nov 84 p 1-13 PA]

AMUAY FIRE UNDER CONTROL--Caracas, 13 Dec (AFP)--The civil defense organization in Caracas asserted tonight that the fire at the Amuay refinery is under control. The oil refinery, located in Judibana, on the Caribbean coastal area 500 km west of Caracas, is the largest in the world outside of the United States. Civil defense spokesmen said that security crews "have managed to control the fire, which is in no danger of expanding and the danger is relatively low." They added that there were no victims or injured. Neighbors of Judibana told AFP over the telephone that the fire was controlled at approximately 2200 local time (0200 GMT Friday), and half an hour later the flames were completely extinguished. The fire broke out at 2000 local time, after three explosions at the hydrosulfurating plant in the refinery, according to the first reports. [Text] [Paris AFP in Spanish 0401 GMT 14 Dec 84]

AMUAY REFINERY RESUMES OPERATIONS--After a fire occurred at the sulfuration plant, the Amuay refinery has fully resumed its activities. As this station reported earlier, the fire that occurred in a collection of tubes was put out 3 and 1/2 hours after it started. Hernan Azola, deputy energy and mines minister, was questioned regarding this at the Miraflores Palace. He said that no personal damages occurred and that material damage is being evaluated by a special commission. It has been reported that more complete information on the fire will be released in the next few days. Azola dismissed the idea that the fire was caused by sabotage. He said: We have no information that leads to this conclusion. The investigation that is being carried out is normal in any oil-processing plant. It has been announced that the refinery is expected to operate again in a few days. [Text] [Caracas Radio Rumbos Network in Spanish 2100 GMT 14 Dec 84]

MILITARY PROMOTIONS--The following generals have been promoted to major general: Army--Jose Antonio Quijada Sanchez, Edgard Eustoquio Hernandez Ortega, Fernando Jose Assig Sanchez, Jacobo Efrain Yepez Daza, Italo Augusto del Valle Alliegro, and Jose Higuera Castellano; Air Force--Julio Enrique Torres Uribe, Jesus Rafael Lopez Perez, and Jesus Ramon Avelado Penzo; FAC [Armed Forces of National Cooperation]--Jose Astorio Mendez Mendoza, and Luis Ramon Contreras Laguado. The following colonels were promoted to brigadier general: Army--Hector Alfonso Pena Pena, Cesar Augusto Salas Paredes, Adolfo Jose Tovar Salas, Ines de la Cruz Miguerey Carballo, Manuel Antonio de Jesus Heinz Azpurua, and Miguel Ignacio Morales Perez; Air Force--Carlos Chacin Raviello, Pedro Bernetti Aguilar, Polidoro Taliaferro Delpino, Antonio Maria Morales Gonzales, and Jose Napoleon Aponte Sult; FAC--Nicolas Salas Colinas, Jose Angel Ruiz Padilla, Miguel Armando Marguez Fernandez, Moises Arrioja Gomez, and Domingo Antonio Rojas Garcia. The following promotions took place in the Navy: to vice admiral--Faustino Eduviges Alvadado Rodriguez and Alejandro Lander Landaeta; to rear admiral--Humberto Medina Arellano, Aguedo Felipe Hernandez Rodriguez, German Jose Romero Ocando, Elias Rafael Daniel Hernandez, and Salvador Paz Camacho. [Excerpts] [Caracas EL UNIVERSAL in Spanish 29 Nov 84 p 1-40]

NEW AMBASSADORS APPOINTED--Reinaldo Leandro Rodriguez has been appointed Venezuelan ambassador to the Holy See, and Francisco Salazar Martinez has been appointed ambassador to the Republic of Senegal. [Summary] [Caracas EL NACIONAL in Spanish 6 Dec 84 p A-1]

AMBASSADOR TO ALGERIA--Francisco Salazar Martinez presented his credentials as Venezuelan ambassador to Algeria on 25 November. [Summary] [Caracas EL NACIONAL in Spanish 2 Dec 84 p D-2]

CSO: 3348/220

END

END OF

FICHE

DATE FILMED

JAN 24, 1985

